Soft Lines

Discounters Test Limits of Red-Hot Active Wear

Gemco's expanded sporting goods apparel mix enables the chain to get 25% more active wear on the floor.

Nationwide DSN Report

Discounters are testing the limits of the red hot active wear category.

As consumers continue to don anything made of fleece and men keep turning to athletic looks for everyday wear as well as for actual sports or exercise, chains are rethinking presentations, assortments and overall buying strategies. Most are trying to enlarge the fashion end as well as the athletic end of the business.

These days more and more discounters believe the category is now big and broad enough to deserve its own department, and if not, a high profile in two.

Target turned heads throughout the industry last year when it unveiled a full-fledged adult active wear department in its prototype stores. The active wear department is located between the women's apparel section and the men's apparel department in a rear corner of the soft lines side of the store.

That unique approach fits the chain's attempt to create an apparel world distinct from the home fashion world and basic/leisure where sporting goods is housed in newer stores.

Many other discounters put active wear within the regular apparel sections and create a second active wear center in their stores by marrying athletic wear and sporting goods equipment.

The benefits are obvious. Assortments in sporting goods and fashion apparel can each be more focused. Chains can potentially en-

(Continued on page 15)

Active Wear Poll: Current Owners Top Prospects

Nationwide DSN Report

The majority of the planned purchases of men's active wear are made by men according to a recent *DSN* consumer poll.

Generally discounters assume that women make the majority of men's wear purchases, since they do most of the family shopping. But of shoppers polled by *DSN*, most who planned to buy a men's active wear item within 12 months were men who would be buying for themselves.

What's more, many of those men who plan to purchase some active wear already own at least one of the item they said they would buy. Almost none of the men without a sweat shirt, tennis shirt, warm-up suit, sweat pants or nylon running pants already in their wardrobe said they will buy that item in the next 12 months. About half of current owners are planning to buy more such items in the upcoming year.

Athletic shoes were the exception with 16% of those who don't own saying they will shop for shoes in the next year. Likewise, a higher percentage of athletic shoe owners acknowledged that they will buy replacements—65% of owners plan to buy.

The extent to which men's active wear items have become everyday apparel was also reflected by the poll. As expected, men who own tennis shirts, shorts and sweat shirts wear those items for every-day casual wear in most cases. Sweat pants, warm-up suits and athletic shoes are worn for sports and exercise as often as they are worn for casual wear, the survey revealed.

Nylon running shorts, however, are worn for sports and exercise by 70% of those polled with only 38% saying they wear the pants for everyday and casual recreation.

Last March, *DSN* had Leo J. Shapiro Associates poll consumers on their buying intentions in men's active wear. Close to 500 consumers participated in the study. Of those polled about half were women. Responses indicate brands, colors and prices shoppers will be looking for in the next 12 months.

Blue is the preferred color in tennis shirts, sweat shirts, shorts and warm-ups. In sweat pants more people planned to buy grey with blue as the second most popular.

Among those who said they wear sweat pants for everyday casual wear blue was the most often named color. Similarly, those who wear sweat shirts for casual wear named red more often than black or white, which were more popular among athletes. White was the most often named color in athletic shoes.

People named a color that they plan to buy more readily than they named a brand associated with an item. Unsurprisingly, brand awareness

(Continued on page 15)

Majority of Men's Active Wear Purchases Will be Made by Men*

Item	Men	Women
Tennis Shirts	55%	45%
Walk/Sport Shorts	57	43
Athletic Shoes	63	37
Warm-up Suits	61	39
Sweat Pants	59	41
Sweat Pants	62	38
Nylon Running Pants	58	42

*Breakout by sex of those who plan to buy active wear items in next 12 months.

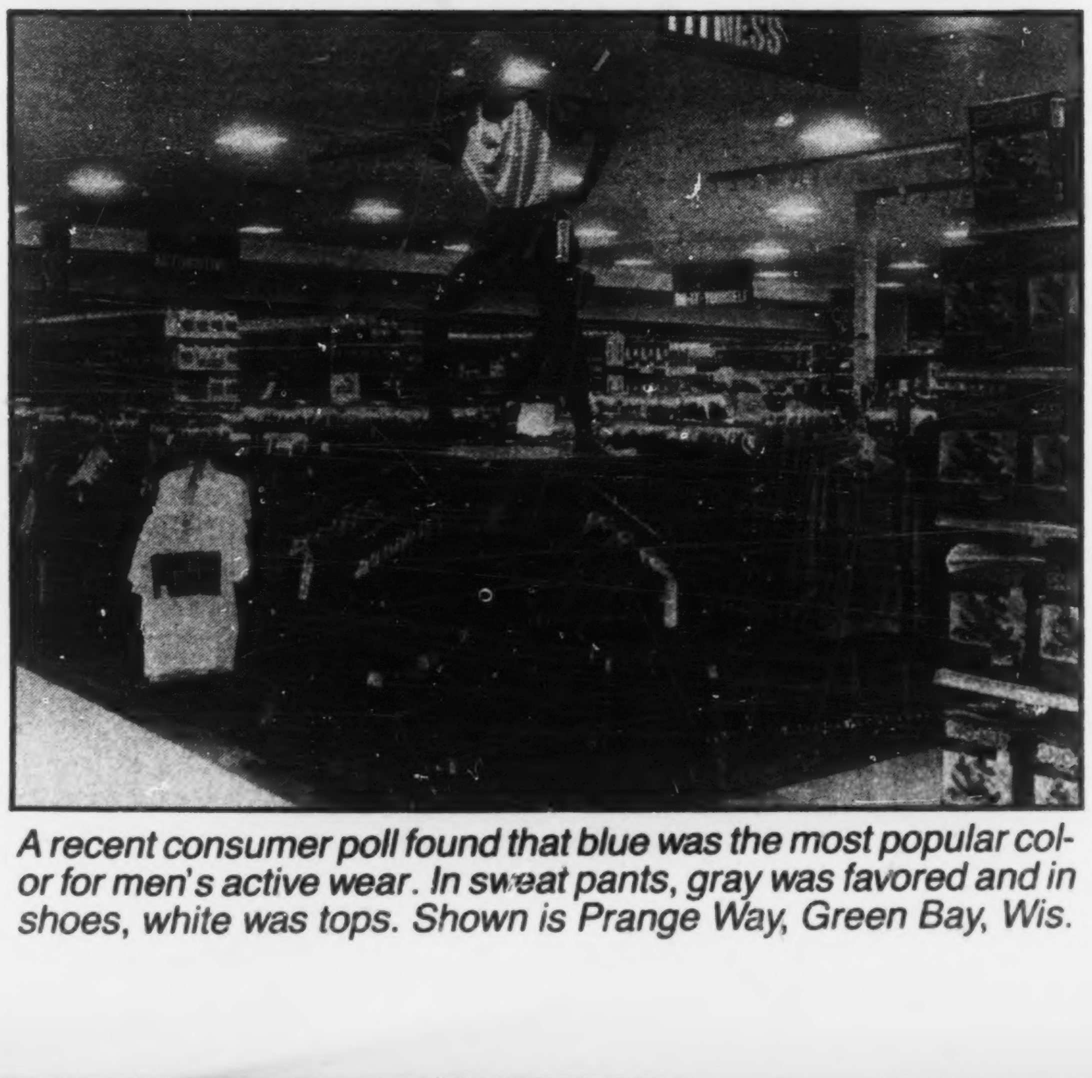
Source: DSN Leo J. Shapiro & Associates Survey

Where Do Men Wear Active Wear?*

Item	Casual (recreation, work or school)	Play, sports or exercise
Tennis Shirts	72%	33%
Walk/Sport Shorts	62	39
Athletic Shoes	54	53
Warm-up Suits	49	52
Sweat Pants	49	50
Sweat Shirts	62	34
Nylon Running Pants	38	69

*Based on responses of those who currently own each item. Responses don't add up to 100% because some people listed more than one activity or didn't answer.

Source: DSN Leo J. Shapiro & Associates Survey



A recent consumer poll found that blue was the most popular color for men's active wear. In sweat pants, gray was favored and in shoes, white was tops. Shown is Prange Way, Green Bay, Wis.

Discounters Test Limits of Red-Hot Active Wear

(Continued from page 9)

large two businesses—athletic and leisure active wear—instead of one. And clothing volume can boost margins in a hard goods area where previous growth categories such as exercise equipment have waned.

Gemco and Prangeway both recently redefined the union of sporting goods and active wear by putting the sports-oriented apparel in the hands of a soft goods buyer instead of leaving the clothing merchandising to a hard lines buyers.

Gemco last fall opened in Duarte, Calif. with an expanded apparel offering within its sporting goods department, which in that store is positioned left of the front door.

By moving more of the sports-oriented apparel into the sporting goods section Gemco created more room to expand the active wear stocked in the men's apparel department, said buyer Ramlu Pandit.

Pandit buys men's active wear for the apparel department. A second apparel buyer, Carrie Cushing, formerly of Oshmans, was hired to buy active wear for the chain's sporting goods departments.

Likewise, this year Prange Way shifted responsibility for sports apparel to a softlines buyer. The departments were reset in February, according to Doug Harris, softlines vp.

"It's having a ready-to-wear mentality behind the purchasing that is new." Harris explained. The plan is to increase turns by having less apparel on hand at any time, and therefore adding new, fresh merchandise more often as the lighter inventories are replenished.

Both Gemco and Prange Way can eliminate the chances of any duplication by having the sports apparel handled by softlines buyers.

At the California-based Gemco chain active wear buyer Pandit gave up lines by Nike, Puma and Adidas to the expanded sports apparel sections last fall to tie into the athletic shoes and equipment. He kept Dunlop, Slazenger and McGregor in the regular apparel section.

In the space freed up by the shifts, Pandit expanded on private label and secondary brands with more fashion offerings. The result so far: 25% more men's active wear on the floor in newer stores and February/ March volume 45% ahead of last year in the non-athletic active wear alone.

"There was apprehension at first because I didn't know if I would lose customers along with the brands I gave up. But it looks like I gained a new customer that I hadn't been able to service before," said Pandit. He's now expecting to finish 1986 40% to 45% ahead of last year.

In short, Pandit says, Gemco realized shoppers weren't willing to pay extra for brand names in nonfunctional active wear. So in his section he went to lower price points and expanded imports and private label.

In sporting goods the athletic brands don't appear overpriced because they are no longer next to the private labels and secondary brands.

This year Gemco's men's active wear department includes 12 colors in basic fleece compared to six basic colors a year ago. Initially Pandit had planned 20% of his fall '86 business in fashion, but based on current figures he has upped that to 40%.

In the sporting goods department, Cushing is keying 75% of her active wear mix to men with Sportif, Pony, Perfection and Bike.

At Prange Way, Nike, Dunlop and Spaulding apparel is in the sporting goods department. Footwear brands in the section include Adidas, Nike, Puma and Reebok.

As at Gemco, Prange Way's Harris looks at end-use when deciding what to stock where. In apparel, sweats by Bassett Walker or Pannill are stocked in 10 colors. In sporting goods heavier sweats from MacGregor are stocked in four colors.

Similary nylon tricot shorts are stocked as an item in sportswear but as a set with a matching running-style tops in sporting goods.

Consumer Survey Shows Men Purchase Own Active Wear

(Continued from page 9)

was highest in the athletic shoe category where 72% named a brand and lowest in nylon pants, sweat shirts and sweat pants.

Only 38% of those polled named a brand they associate with nylon running pants. While 42% did associate a brand with sweat shirts, 11% named a store brand. Sweat pants are also among the less frequently associated with a brand, again with 42% naming some brand.

Notably, more of those polled planned to buy a men's sweat shirt (24%) in the next 12 months than sweat pants (18%). Some 38% plan to buy athletic shoes; 30% said they will shop for walking or sports shorts; 21% will look for a tennis shirt; 19% of those polled expect to shop for a new warm-up suit and only 7% for nylon running pants.

When asked for prices they plan to pay on each of these items, shoppers' responses were greatly varied.

In tennis shirts, $15 is the median price all those (male and female) who plan to buy, expect to spend. Some 44% expect to pay between $10 and $20 for a tennis shirt in the next 12 months.

The median price listed by consumers for walking or sports shorts was also $15. However, it seems a greater percentage of shoppers generally expect to pay less for shorts than a tennis shirt. About 40% of those who will buy said they expect to pay under $15. A total of 61% listed a price under $20.

Consumers are more segmented on prices for athletic shoes. A quarter of those who plan to buy expect to pay under $30 at retail; another 24% plan to spend from $30 to $39.99, and another 25% said between $40 and $45. In that category the median price was $35.

For men's warm-up suits $30 was the median price consumers who plan to purchase cited. While 28% want to spend under $30 almost as many—24% think they will pay $30 to $34.99. Another 24% were thinking very high or over $50 as the price for their new warm-up this year.

Close to a third (31%) of those who will buy think sweat pants will cost between $10 and $15. Three quarters of those who plan to shop expect to pay under $25.

The median price for sweat pants of $15 is a little higher than the $12 median listed for sweat shirts.

Over 40% of those who may shop for sweat shirts plan to pay between $10 and $15. And another 16% expect to pay under $10.

Brand Awareness in Seven Men's Active Wear Items

	Tennis Shirts	Walking/ Sports Shorts	Athletic Shoes	Warm-up Suit	Sweat Pants	Sweat Shirt	Nylon Running Pants
Named no Brand	46%	49%	28%	53%	58%	58%	68%
Named a Brand	54	51	72	47	42	42	32
Top 3 Brands							
1.	Adidas 14	Adidas 12	Nike 30	Adidas 16	Adidas 10	Store* brand 11	Adidas 9
2.	Izod/ Lacoste 8	Store Brand 8	Adidas 13	Nike 10	Nike 6	Adidas 9	Nike 8
3.	Store Brand 5	Nike 6	Reebok 5	Store Brand 8	Russell 3	Nike 6	Store Brand 6

*Store brand refers to instances where a store name was mentioned as a brand associated with the item.

Source: DSN/Leo J. Shapiro and Associates Survey

Best Works for Sales Gain, Defines Active Wear Niche

RICHMOND, Va. — Catalog showroom chain Best Products is after 20% to 25% gains in its year-old sporting goods apparel business.

The chain's first consistent sporting goods apparel assortment debuted in the fall of 1984. Larger units feature up to 12 racks of athletic apparel. Some of the clothing is featured in the chain's annual fall and spring catalogs.

This year, the hard lines oriented chain is still working to define its niche within athletic wear, said sporting goods director Mark Bombardier.

Working within limitations of the self-service catalog environment, such as no dressing rooms and gondola presentation in some stores, the chain is still riding the fence between totally functional athletic wear and leisure/casual items.

Last year Bombardier learned that many of the top name brands in sporting goods didn't work for Best.

"We don't do well when we border on fashion goods or go after labels found in department stores," Bombardier explained. "For some of the names we tried last year you really need a salesperson on the floor," he added.

This year the chain is avoiding department stores' turf but also keeping its brand name focus. "We're building around the Adidas name," Bombardier said. The chain started carrying those goods constistently last fall.

Overall he's stocking basic sweats in gray, blue and silver with black accents, warm-up suits, running shorts and baseball-type shirts for men plus limited ladies' wear.

Although the men's athletic wear business is currently larger than ladies', Bombardier sees more potential growth in ladies' wear. But for now the chain is emphasizing less fashion sensitive men's wear.

As part of the Adidas program, Ivan Lendel tennis wear is being tried this spring.

"I don't know how high we can go, yet. I'll know in about two months whether I can sell the Adidas," Bombardier explained.

All changes are just part of 1986 plan. But for 1987, plans for active wear are still open.

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PMA
PRODUCT MOVEMENT AUDIT

Microwave, Plush, Tool Imports Top Annual PMA

Distributors Bullish on '86 Hard Lines Business

HARDWARE

Top Sellers
Lighting Series

Eveready E91BP-4 AA Alkaline Battery: 228,192 units/$682,294
Duracell MN1300B2 D Battery, 2-pk: 276,908 units/$670,117
Duracell MN1400B2 C Battery, 2-pk: 221,227 units/$535,369

AUTO

Top Sellers
AUTO SERVICE BAYS

Sealed Beam, large square: 83,728 units/$688,986
Flia Motorcraft Oil Filter: 150,966 units/$632,547
Auto Bulbs, 2 on a card: 408,365 units/$445,117

SPORTING GOODS

Top Sellers

Winchester 12 ga Pump Shotgun: 780 units/$1,220,332
Shakespeare Ugly Sticks #1100: 29,540 units/$1,003,604
Keeper Bait Fish Formula: 120,700 units/$722,993

TOYS

Top Sellers
Cabbage Patch Kids

16" Cabbage Patch: 70,000 units/$2,099,300
Cabbage Patch Premie: 41,000 units/$1,229,590
Trivial Pursuit: 35,000 units/$874,650

HOUSEWARES

Top Sellers
Corelle

Empire 168-pc. Household Brush Assortment: 2,035 units/$304,619
Corelle 16-23 16 pc. set, m. blue: 8,825 units/$204,651
Corelle 16-4 Corelle set, gold: 8,779 units/$203,585

H&BA

Top Sellers
97¢
$2.52
44¢

Aqua Fresh Toothpaste 6.2 oz.: 217,159 units/$366,999
Head & Shoulders Normal/Oily 15 oz.: 74,042 units/$279,879
Head & Shoulders Normal/Dry 15 oz.: 70,612 units/$266,865

Individually packaged glassware, closet storage products, vacuum ware, and microwave accessories will help drive housewares sales 8% to 10% ahead of last year.

Discounters are broadening their basic sporting goods offering—adding to categories like fishing and camping—as the sales growth of exercise equipment levels off.

In toys licensed plush is growing in importance. Teddy Ruxpin, Pound Puppies and Wrinkles will lead the plush charge this year. Imported toys with a strong margin potential will also figure more prominently in assortments this year.

Distributors in hard lines categories are anticipating these and other key products will drive sales in discount stores. These selections and others are presented in *DSN's* 12th annual Product Movement Audit, which tracks performance in 1985 and forecasts this year's trends.

The audit features movement figures from top distributors who serve many full-line discount stores and, in most cases, other key retailers who sell the products discussed in the section.

More than just a top-seller list, the PMA's provide insights into why the market moved the way it did in 1985. What brands did discounters promote aggressively? Which vendors produced the deals that discounters found most attractive? Which "hot" products are already trending down? Which new products are starting to move quickly off store shelves?

In hardware discounters continue to move toward a "kitchen drawer" approach to the business, concentrated on small hand tools, batteries and bulbs as home centers go after the bulk of the do-it-yourself business.

But manufacturers and retailers may both be missing an opportunity by not doing a better job of marketing hardware to women.

Ethnic products continue to sparkle in H&BA, despite limited distribution, while soft contact lens solutions, especially in the sensitive eyes category, are still building sales. In shaving creams, a market share war among vendors is helping create the lowest net price on some products in years.

The PMA section serves as a good barometer by which discounters can measure their performance against that of distributors serving a large number of stores. But even more, the section points the way to 1986's most important new trends. Will basic sporting goods make a strong return now that exercise equipment sales have slowed? How will the newly designed, more expensive stoneware do in housewares departments? Is now the time to increase skus in eye care?

The heart of this year's audit, including distributors' analyses of their business, is contained on the pages which follow. On this page is a quick reference to the volume winners at each distributor cited in this study.

Microwave Accessories Sales Rise

By JERRY FALK
Executive Vice President, Bacar Inc.

I know of no reason why 1986 shouldn't be a exceptionally good year for housewares in our West Coast market. To date we're running about 11% ahead in housewares over last year.

The stable economic situation in California, one of our dominant markets, has helped boost housewares sales. The employment rate has remained fairly steady. Consumers aren't looking at housewares as a luxury, but are continuing to buy these items at a normal pace.

Many housewares categories remained fairly consistent over the last year, with few changes in the top ten sellers.

However, a few categories, including microwave and Corning cookware, and vacuum ware are showing dynamic movement, both in sales and in new product introductions.

Microwaves Tapering

Sales of microwave ovens on the West Coast, which preceded the rest of the country in category acceptance by six months to a year, have begun to taper off. The microwave accessories and cookware business, though, should enjoy substantial growth because more and more people, especially in our market, are now graduating from just using microwave ovens for defrosting and reheating to cooking in them.

Manufacturers have also become more sophisticated with their microwave product offerings. The first few years our biggest selling item was a baking rack. Then manufacturers came out with a divided dish and a corn popper—and that was the extent of our microwave accessories/cookware sales.

Today they're developing a whole group of cookware items, including plastic and reusable items.

Corningware's new Visions cookware has already proven itself to be a great line, and has virtually replaced the conventional Corningware Cornflower design. Visions obviously fits a need because it's "see-through" cooking, relatively easy to use and comes in a smart-looking bronze color.

Another category that seems to be growing is vacuum ware. Despite the higher cost, stainless steel vacuum ware has replaced conventional vacuum bottles as the leader in this category. Consumers are now willing to spend the higher price points for the better quality and longer durability of stainless steel bottles.

While the category used to

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MICROWARE			
1	Nordic Micro-Go-Round 62304	2,805	50.39	141,343.95
2	Microette Corn Popper 3.5-qt 499	7,900	7.19	56,801.00
3	A/H Micro Bacon Rack 12" X 10" PM469T1	7,368	7.19	52,975.92
4	Corning Grab-It Set white P/M-150, 2's	3,819	13.04	49,799.76
5	A/H Micro Pppr/Stmr/Rstr M400126	2,966	12.86	38,142.76
6	A/H Micro Compact Turntable A600113	1,128	31.94	36,028.32
7	Crnng Cssrl w/gls-plastic cvr P-14-SBP	3,036	11.69	35,490.84
8	Crnng Grb-It w/gls-plstc cvr P150GPCS	4,116	8.54	35,150.64
9	Corning Micro Browning Grill MW-2	1,257	26.99	33,926.43
10	Microette Plate Cover clear 486	4,740	6.02	28,534.80
	CORNING			
1	Visions V-300 6-pc Set, 1-1.5, 2.5 qt	1,936	50.39	97,555.04
2	Visions V-370 7-pc Range Top Set	819	71.99	58,959.81
3	F-2 2½-qt Oval Cass/ld, white	2,539	22.49	57,102.11
4	Visions V-20 1.5-qt Dbl Boiler w/cover	1,487	28.79	42,810.73
5	Visions V-1 1-qt Covered Saucepan	2,480	15.74	39,035.20
6	F-1 2½-qt Round Cass/lid, white	1,722	22.49	38,727.78
7	French White F14 4-qt Cov Oval Cass	1,011	30.14	30,471.54
8	Visions V-5 5-qt Cov Saucepot	1,126	26.09	29,377.34
9	Visions V3,5-S 3.5-qt Cov Steamer	1,052	25.19	26,499.88
10	F21 Roaster F/W 4½ qt	905	28.79	26,054.95

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	VACUUM WARE			
1	Aladdin qt Stanley Btl w/handle A944DH	4,118	41.39	170,444.02
2	Thermos S/Steel 1-liter grey 2490	3,297	33.29	109,757.13
3	Thermos School Kit astmt (24) 9824/5	478	226.58	108,305.24
4	Thermos Super Quart 36-oz 250	10,072	9.44	95,079.68
5	Thermos Unbreakables qt S/H 4415	8,407	7.55	63,472.85
6	Thermos Flip-Pour qt 2421/3	5,710	10.61	60,583.10
7	Aladdin qt Rugged American Bil	1,812	32.39	58,690.68
8	Aladdin 2-qt Stanley Bil w/bail	985	58.49	57,612.65
9	Thermos Poly Work Kit w/25Q 5392	3,732	15.11	56,390.52
10	Thermos Flip-Pour pt 2221/3	6,884	8.09	55,691.56
	COOKWARE			
1	Wear-Ever Pref 26030 Silv 10" Chf Fry Pn	7,515	9.89	74,323.35
2	Ekco 64110 Bakers Scrt Lrg Cookie Sht	16,667	4.40	73,334.80
3	Ekco 64100 Bakers Scrt Med Cookie Sht	15,368	3.95	60,703.60
4	Foley 780-79 Silv 10" Saute Fry Pan	7,381	8.09	59,712.29
5	Gen Hswrs 0707 "Grnte" Cnnr w/rck 21 qt	3,048	19.34	58,948.32
6	Nordic 51199 12c Formed Bundt, asst	6,240	8.99	56,097.60
7	Wear-Ever 26032 Pref Silv 12" Chf Fry Pn	4,310	12.59	54,262.90
8	Ekco 64200 Bakers Scrt 12-cup Muffin Pn	11,341	4.76	53,983.16
9	T-Fal Royale 10" Fry Pan, black	3,714	14.39	53,444.46
10	Ekco Bakers Secret Oblong Util Pan	13,308	3.95	52,566.60

OUR COMP
BIGGER TH

This may not be in keeping with the true spirit of capitalism, but at Kenney, we're committed to using less of your valuable floor space. And never giving you more product than you need.

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But now you're probably thinking, "Who'll keep the display from looking like the bombing of Berlin?" Our service reps, of course. Kenney's service reps frequently visit your stores to maintain and repair your display. Plus, they make sure the display is suffi-

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COFFEE MAKERS/SERVERS/ACCESSORIES			
1	Melitta PA4-100 Cn Fltr #4 (6 cup) 100 ct	34,812	3.41	118,708.92
2	Melitta PA6-100 Cn Fltr #6 (10 cup) 100 ct	20,160	3.59	80,438.40
3	Melitta PA4-40 Cn Fltr #4 (6 cup) 100 ct	35,736	1.52	54,318.72
4	Melitta SCM10/6 Coffeemaker Systm 10 cp	5,568	8.99	50,056.32
5	ThermosWare 430 Coffee Butler white	1,667	26.99	44,992.33
6	ThermosWare 570 Coffee Butler, brown	1,555	26.99	41,969.45
7	ThermosWare 450 Coffee Butler, swirl	1,530	26.99	41,294.70
8	Tric GX-100 Filter Basket generic (100-pk)	44,272	0.89	39,402.08
9	Melitta PA6-40 Cn Fltr #6 (10 cp) 40 ct	24,267	1.61	39,069.87
10	GlenCourt 30042 Coffee Carafe 1 liter	2,720	11.69	31,796.80
	CLEANING/CHEMICALS			
1	Empire 29-3352 168-pc Hshld Brsh asst	2,035	149.69	304,619.15
2	Willert 412GI T/Bowl Fresh Deod Tree	101,577	0.62	62,977.74
3	National 900 Crn Brm (20%) econ 4 Sew	13,755	4.49	61,759.95
4	Willert 608N Cedar Moth Balls 7-oz bag	29,325	1.43	41,934.75
5	Webster 1645025 All-Purpose Duster	4,639	8.09	37,529.51
6	Lola 137-72 Exten-A-Puff 6-ft Pole	5,010	7.19	36,021.90
7	Lola 137-73 Exten-A-Squeegee 6-ft Pole	4,782	7.19	34,382.58
8	Ballonoff 19-645 Copper Dustpan	17,255	1.70	29,333.50
9	Roll-O-Matic 1185 Sponge Mop	2,652	10.79	28,615.08
10	Vac Bag T-16F&G Eureka Uprights 2's	28,669	0.90	25,802.10

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CLOSET			
1	Itex Tubular Plastic Hanger almd-133	265,630	0.17	45,157.10
2	Itex Tubular Plastic Hanger, brown-133	234,000	0.17	39,780.00
3	Itex Tubular Plastic Hanger, white-133	231,383	0.17	39,335.11
4	Itex Tubular Plastic Hanger, rust-133	205,196	0.17	34,883.32
5	Itex Tubular Plastic Hanger, blue-133	195,100	0.17	33,167.00
6	Sterilite 1100-6 Shoe Box, almond lid	13,824	1.79	24,744.96
7	Plaza 5600/5A 5-pk Child Tubulars, asstd	17,596	1.25	21,995.00
8	Beverly T159-2 Wood Trouser Hanger, st-2	16,251	1.34	21,776.34
9	Beverly S-159-2 Wood Skirt Hanger, st-2	14,812	1.34	19,848.08
10	Beverly S-4 Wood Dress Hanger, st-4	14,725	1.34	19,731.50
	GLASSWARE			
1	G/H 15401 Drink Jar w/handle ITEA, 16 oz	34,416	1.25	43,020.00
2	Oly OL-12 Glass Suntea w/tap, gal	7,278	5.21	37,918.38
3	G/H 15403 Drink Jar w/handle colr 28 oz	23,396	1.61	37,667.56
4	Libbey 108 Set Bolero tawny, 24 pc	1,533	17.54	26,888.82
5	Twilight 350-6 Lamp Oil qt clear	12,074	2.15	25,959.10
6	Libbey 106 set Bolero blue, 24 pc	1,402	17.54	24,591.08
7	Oly OL-13 Glass Suntea Jar, gal	8,061	2.69	21,684.09
8	Libbey 858 Bulk Crys/Panel Ir/Cof Mug	7,244	2.96	21,442.24
9	Libbey 905 4-pk Cooler Chivalry Crystal	3,448	6.20	21,377.60
10	Libbey 904 4-pk Bever Chivalry Crystal	3,618	5.75	20,803.50

Source: Bacar, distributors, San Jose, Calif., for calendar year 1985, covering 658 stores, including 480 mass merchandisers. Average retail prices reflect typical price points for mass merchandisers.

encompass just a couple of vacuum bottles with no style, now they have decorative, colored bottles in several shapes, including some that resemble pitchers.

Aladdin and Thermos Ware continue to dominate the category. One new item on the list is the Aladdin quart "Rugged American" stainless steel bottle, which is lighter weight than the Stanley stainless steel, and less expensive. Gott, a relative newcomer to the field and not yet in the top ten, has also introduced several decorative vacuum bottles.

Overall, retailers are sustaining their competitive edge this year with price promotions in virtually all housewares categories.

Categories that are most aggressively promoted by retailers include non-stick cookware, especially in sets, and closet accessories.

In the cookware category, Wear-Ever is still the name with the greatest consumer recognition, with its Preferred 10-in. and 12-in. Silverstone frying pans each appearing on the top ten list. As usual, Ekco Bakers Secret again proves to be the top bakeware nationally.

Supported by exceptionally strong promotions, retailers are selling an amazing amount of plastic hangers. They also continue to enjoy added sales in all types of storage containers which have become necessary as more consumers move into apartments and smaller houses.

Manufacturer Promotions

Manufacturers are also supporting their products with heavy promotions. Corning, for one, is introducing more than 25 specials for the second and third quarter, an indication that the company feels it needs to continue promotions to hold market share and recapture some of its business from competitors, especially metal and microwave cookware manufacturers.

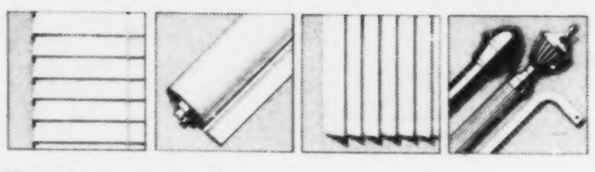
I think retailers would be wise to launch stronger promotions in all coffee-related items including coffee makers, servers and accessories. This category showed outstanding strength in 1985, and is still in a growth phase.

One new item, the "Coffee Butler" by Thermos, which took three spots on the top ten list, is a vacuum coffee server available in several colors.

In glassware, too, a new item is helping drive sales. It's a single-packed, heavy drink jar with a handle by Golden Harvest, and although a novelty item, it was our best selling glass last year.

The concept of a single-packed glass is beginning to take hold, with introductions by several major manufacturers, including Anchor Hocking and J. G. Durand.

Single glasses displayed in bulk cost less than the single-packs, but need to be wrapped and packaged carefully at the checkout counter. For this reason, many retailers push four-packs instead. The new entries give both retailers and consumers an additional option.



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Storage, Stick Goods Lead in '85

By ARNOLD REINHARD
Vice President, Sales and Marketing, Schreiber Company

Microwave accessories, closet storage and stick goods will be 1986's key growth areas in housewares, contributing to 8% to 10% growth across the category.

Glassware sales that had been flat for the past few years will also show signs of life with the introduction of individually packaged glassware lines to the mass market.

Microwave cookware sales, rising about 20% in 1985, will slow a little to a 12% to 15% growth rate in 1986. What increases we will see this year will be due in large part to new disposable/reuseable microwave cookware.

The disposables are gaining popularity as more consumers buy small microwave ovens, used more for reheating leftovers than for preparing a meal. Prices for disposables are becoming highly promotional as the gap narrows between traditional microwave and disposables.

In closet storage, where most discounters can expect 40% margins, there should be a growth of about 12% as retailers expand the area they devote to storage. Manufacturers like Corr-Pak will be furthering their commitment to fashion looks with new patterns later in the year.

Stick goods should see a 10% increase as mops and brooms are labeled and packaged according to their purpose. No longer do we find a rack of nondescript corn brooms. Now stick products are designed for special floor surfaces, and consumers are responding to the new labels and packaging.

Changing Assortments

In glassware, discounters are starting to offer single-packs; four single-pack glasses cost about 5% less than 4-packs. Buyers are changing their assortments to make room for them: if a discounter had twelve ft. devoted to glassware last year, with 8 ft. of four-packs and 4 ft. of open stock, he'll switch. Now he'll put out 8 ft. of single packs and 4 ft. of the four-packs.

In dinnerware, new pastel and floral stoneware offerings from manufacturers like Anchor Hocking should result in stronger dinnerware sales.

Cookware sales overall are doing better due to improved packaging. Not only is there more 4-color, but now vendors are creating highly identifiable point of sale materials for open stock fry pans and sauce pans.

MICROWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Micr PM469/T1 Bacon Rack	30,793	5.40	166,282.20
2	Micr PM486/T1 Divdd Plate	28,674	5.40	154,839.60
3	Micr PM481/Ti Utility Pan	23,883	5.40	128,968.20
4	Micr PM400/126 Popcrn Ppr	12,743	10.10	128,704.30
5	Micr PA600/112 Turntable	4,233	8.22	116,322.84
6	Micr PM447/T1 Muffin Pan	15,852	5.40	85,600.80
7	Micr PM446/Ti Rd Bacon Rk	14,363	5.40	77,560.20
8	Micr PM444/T1 Bake Sheet	13,090	5.40	70,686.00
9	Anch PM400/155 5-pc Pet st	3,430	19.45	66,713.50
10	Corn MW-2 Mcwv Brwn Grill	3,212	19.36	62,184.32

TABLEWARE SETS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Corl 16-23 16-pc set m blu	8,825	23.19	204,651.75
2	Corl 16-4 Corelle Set gld	8,779	23.19	203,585.01
3	Corn 5016-73 Calco rse 16	6,259	29.90	187,144.10
4	Corl 16-1 Corelle Set, grn	7,532	23.19	174,667.08
5	Corl 16-29 16-pc st bouq	6,836	23.19	158,526.84
6	Corl 16-24 16-pc set, burg	6,600	23.19	153,054.00
7	Corl 16-N Corelle Set, wht	5,873	23.19	136,194.87
8	Corl 16-144 Holly Day Set	6,498	19.75	128,355.50
9	Corning 5016-74 Windflower 16	2,803	29.90	83,809.70
10	Corn 5016-75 Blue Flwr 16	2,208	29.90	66,019.20

CLOSET SHOP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Mabx 288 Moth Balls 1-lb	50,105	1.22	61,128.10
2	Lee 3X62 Garment Rak, brwn	4,450	13.41	59,674.50
3	Corr C2410 Stor Chest, cdr	22,744	1.46	33,206.24
4	A&E BT100 Hanger, asst neon	30,768	0.10	33,076.80
5	Mabx 287 Moth Flake 1-lb.	21,423	1.22	26,136.06
6	Corr C2806 Underbed ch cd	1,734	1.46	25,891.64
7	Corr M755 3-pc Skirt Hang	10,265	1.82	18,682.30
8	Mabx 129 Hang, blck, lav	13,323	1.26	16,786.98
9	Wall 616 Expand Coat Rck	13,012	1.26	15,717.24
10	Mabx 453 Cedar Block	12,474	1.26	15,717.24

COOKWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Miro 1487-34 7-pc Ckwear	4,822	21.96	105,891.12
2	Kenc FSL-7 Cpr Bottom	3,438	21.96	75,498.48
3	Regl W911WH 7-pc Sahara	1,546	37.87	58,547.02
4	Entr 45-507-75 7-pc Saturn	1,373	30.32	41,629.36
5	Regl W3270 10" Gourmet pn	7,312	5.12	37,437.44
6	Regl W3271 12" Gourmet pn	5,160	7.18	37,048.80
7	Entr 04-516-32 7-pc Royal	1,668	16.67	27,805.56
8	Ghsw 0707 21-qt Cov Canner	1,871	13.89	25,988.19
9	Regl W3269 8½ Gourmet pn	7,433	3.43	25,495.19
10	Miro MO932-36 T Kettle Cho	4,628	4.82	22,306.96

Source: Schreiber Co., distributor, Lititz, Pa., for calendar 1985, covering 825 stores, including 725 discount stores, in the Northeast, Southeast, mid-Atlantic and North Central regions. Average prices reflect typical price points for most discount chains.

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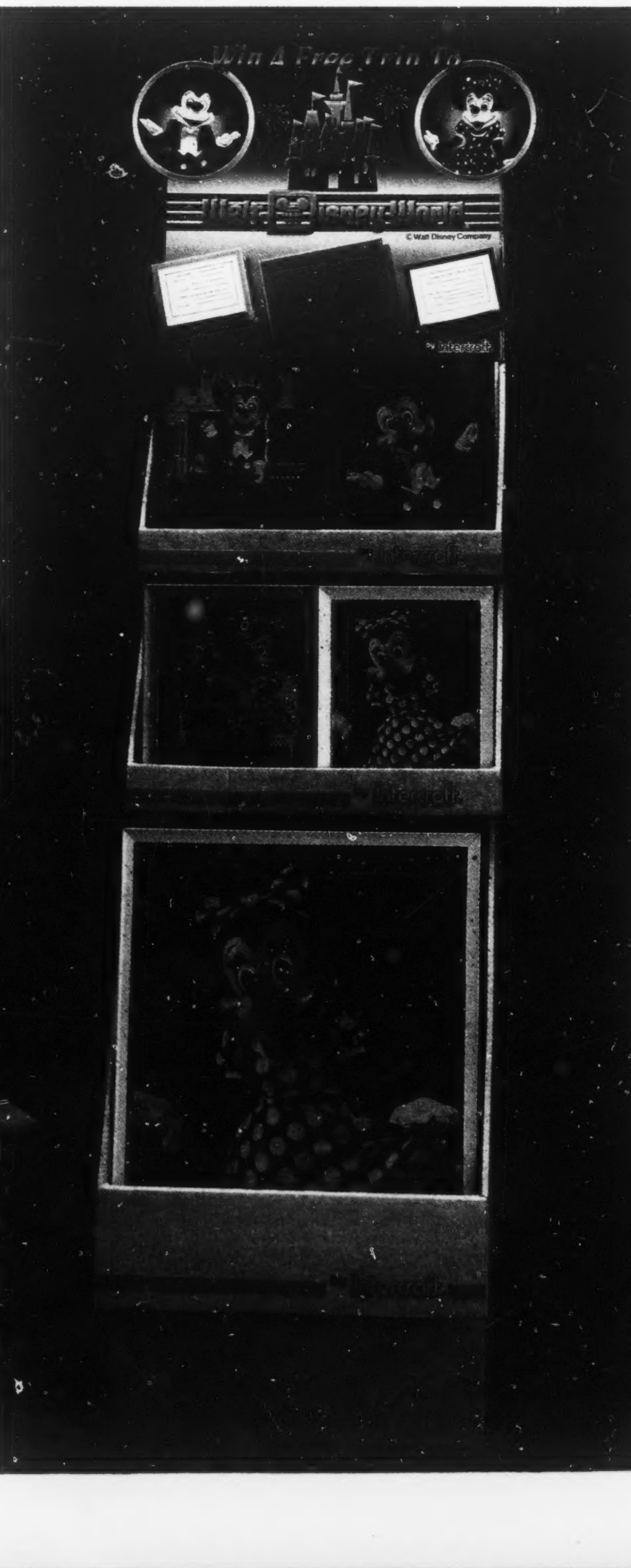


New Items Up H&BA Growth

By CHARLES BOWLUS
Vice President,
Boston Distributors

Health and Beauty Aid sales grew 7% to $21.20 billion in 1985, with discount department stores capturing over $3.35 billion or 15.8% of the business. Real growth was concentrated in those categories which increased market penetration through new product introduction and/or strong marketing programs.

Boston's dollar increase leader was the ethnic products category with a 28% gain over 1984. Carefree Curl Moisturizer, 16-oz., led category sales and in fact led all H&BA sales out of our warehouse despite a distribution rate limited to 35% of our total outlets. Sof Sheen's Carefree line dominated the PMA by capturing six of the top 10 positions.

Shampoo Sales Up

Shampoo, up 17% in 1985, is another category which responds exceptionally well to in-store promotions due to its high market penetration and the high frequency of purchase. Our PMA was led by Head & Shoulders 15-oz., the sales of which were impacted significantly by a $.60-off-label promotion in 1985. Proctor & Gamble dominated the PMA for shampoo by placing two Prell, one Ivory and a total of three Head & Shoulders sku's in the top 10 listing this year. The success of Ivory, along with Revlon's Flex, demonstrates the strength of the moderately priced brands in this important category. We expect the low end segment, represented on this year's PMA by Faberge Organics (No. 6 and No. 8), to drive the growth in 1986.

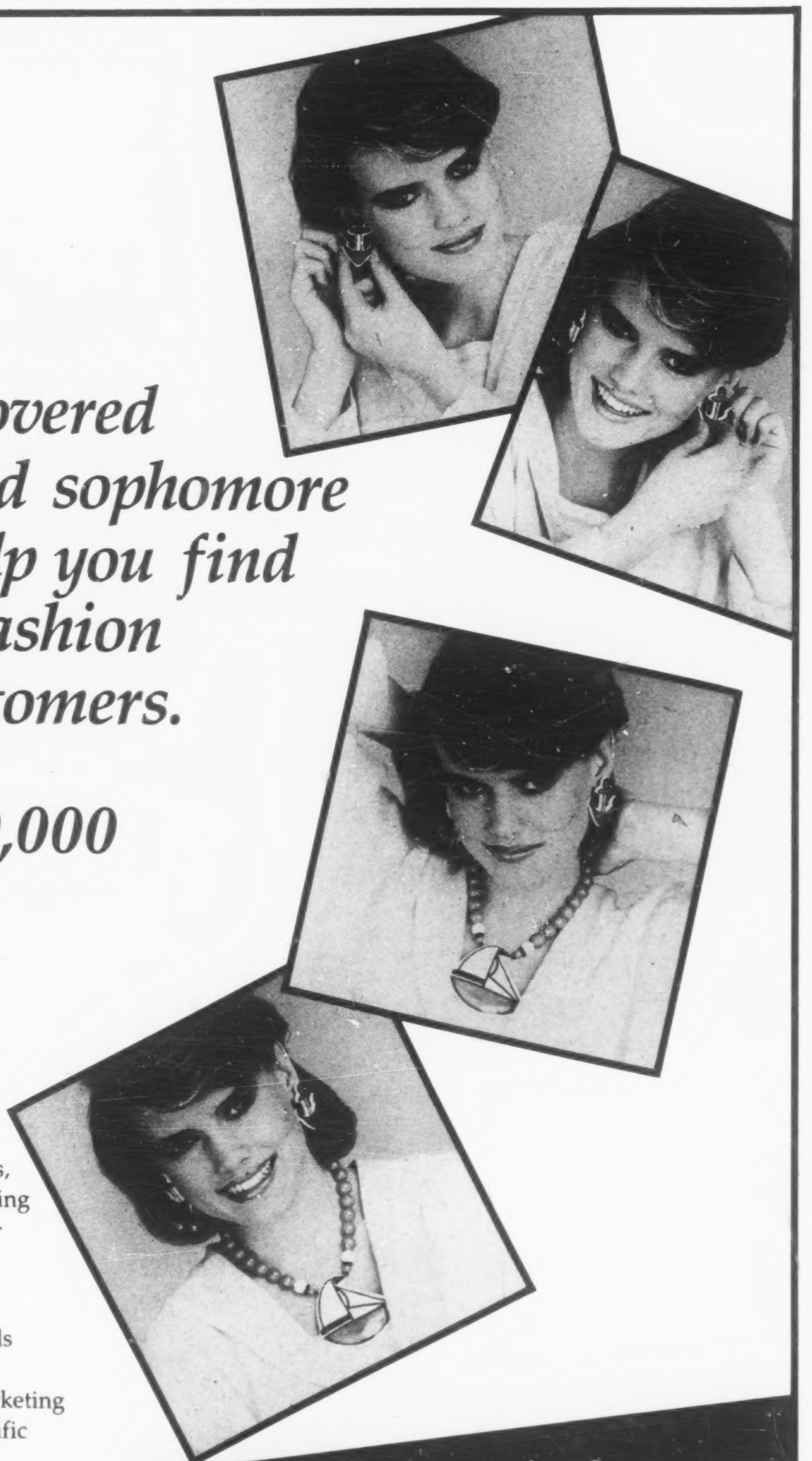
Increased sku count is recommended in the eye care category as market penetration continues at a rapid rate. There are presently 14 million wearers of contact lenses with two million new users expected each year. With 75% to 85% of new users expected in the soft lens or extended wear segments, emphasis should be placed in this area. Gas permeable products, with 15% to 20% share of users, will replace hard lens product usage and do warrant consideration but do not justify placement of the number of entries being introduced. The sensitive eye segment of the soft lens market is now the largest with a nearly three-to-one sales ratio over regular care soft lens products. The strongest growth in 1986 is expected to come in the preservative-free segment represented originally by Cooper Vision's Unisol

(Continued on page 27)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ETHNIC PRODUCTS			
1	Carefree Curl Moisturizer 16 oz	128,893	5.19	668,955
2	Sof-N-Free Curl Moist Spray 16 oz	73,044	4.55	332,137
3	Carefree Curl Moisturizer 12 oz	50,293	4.34	218,475
4	Carefree Curl Activator 16 oz	37,140	5.82	216,035
5	Dark & Lovely Relaxer Kit	32,072	5.99	192,111
6	Carefree Curl Moisturizer 8 oz	56,393	2.99	168,615
7	Carefree Curl Activator #2 8 oz	41,969	3.28	137,820
8	Right On Moisturizer/Actvtr Nrml 16 oz	22,314	5.54	123,622
9	Worlds of Crl Gl Actvtr Extr Dry 32 oz	12,992	9.12	118,494
10	Carefree Curl Activator #2 12 oz	25,726	4.53	116,448
	SHAMPOO			
1	Head & Shoulders Normal/Oily Lot 15 oz	74,042	3.78	279,879
2	Head & Shoulders Normal/Dry Lot 15 oz	70,612	3.78	266,865
3	Ivory Shampoo Normal 15 oz	89,343	1.98	176,899
4	Flex Shampoo Extra Body 15 oz	66,637	1.98	131,941
5	Flex Shampoo Normal 7165 15 oz	62,476	1.98	123,702
6	Faberge Organic Shampoo 15 oz	90,086	1.26	113,425
7	Prell Shampoo Normal/Oily Liquid 16 oz	31,762	3.28	104,111
8	Faberge Shampoo Extra Body 15 oz	78,942	1.26	99,467
9	Prell Shampoo Normal/Dry Liquid 16 oz	28,783	3.28	94,408
10	Head & Shoulders Normal/Dry Lot 11 oz	26,158	3.53	92,338

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CONDITIONERS			
1	Ivory Conditioner Normal 15 oz	42,473	1.98	84,097
2	Flex Balsam with Body 15 oz	40,270	1.98	79,735
3	Flex Balsam Regular 15 oz	34,238	1.98	67,791
4	Ivory Conditioner Extra Body 15 oz	30,613	1.98	60,614
5	Finesse Conditioner Extra Body 15 oz	16,564	3.39	56,145
6	Perma Soft Conditioner Regular 16 oz	17,678	3.09	54,537
7	Finesse Conditioner Extra Body 11 oz	18,877	2.79	52,678
8	Faberge Organic Conditioner 15 oz	35,149	1.26	44,315
9	Agree Conditioner Regular 15 oz	15,367	2.72	41,801
10	Finesse Conditioner Regular 15 oz	12,189	3.39	41,321
	EYE CARE			
1	Bausch & Lomb Senstv Eys Slne 12 oz	99,669	3.49	347,845
2	Soflens Cleaning Tablets 24's	38,766	6.89	267,098
3	Bausch & Lomb Saline Solution 12 oz	56,340	3.49	196,627
4	Bausch & Lmb Snstv Eys Slne 8 oz	55,813	2.85	159,075
5	Soflens Cleaning Tablets 12's	31,000	4.61	142,786
6	Bausch & Lomb Daily Cleaner 1.5 oz	34,078	3.42	116,421
7	Allergan Cleaning & Disinfecting Sol 8 oz	24,401	4.74	115,680
8	Opti-zyme Enzymatic Cleaner 24's	14,895	6.29	93,666
9	Bausch & Lmb Dsnfctng Slution 12 oz	21,625	4.23	91,500
10	Bausch & Lomb Disinfecting Unit IV	2,487	31.98	79,526

(Continued on page 27)



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Every time you turn around, there's something new from Pakula.

H&BA Up

(Continued from page 25)

line. Bausch & Lomb, which continues to dominate the category, placed six entries in our 1985 top 10 product movement audit. Allergan, with three sku's on the PMA, captured the No. 2 and No. 5 spots with their Soflens Tablets. Allergan's success has been the result of strong product development and doctor detailing.

Promotional support wasn't a problem in the shaving category as deal levels increased significantly in 1985. And it isn't over yet as Barbasol is fighting Colgate for the low end segment leadership. The result will be the lowest net pricing in 1986 that we have seen in the past five years. Look for S. C. Johnson's Edge, the total market leader, to lower its deal nets to preserve its share from erosion from the price brands even though it has locked up its premium niche.

Deodorants did not witness a significant change in 1985 due to new product introduction. New entrants consisted primarily of new flavors and sizes. Solids, including stick deodorants and antiperspirants, climbed to 43% of the total market with aerosols dropping to 26% and roll-ons staying even at 27%. Right Guard 10-oz. was our No. 1 deodorant, and Sure 6-oz. captured the No. 2 and No. 5 rankings. Secret Solid was the No. 3 sku on the PMA and the leading solid, while Ban from Bristol Myers led the roll-on segment. Mennen, not satisfied with its leadership role in the men's segment, will be introducing Real, a radical new form, about the time of the printing of this PMA. Real is a "smooth-on" and must be experienced to be appreciated.

Tylenol Still Dominates

The analgesic PMA was dominated again by the Tylenol brand, with five positions in the top 10 listings. The withdrawl of the capsule form should have only a short term negative impact on this market leader. If McNeil can hold its lock on the shelf space occupied by capsules, it should regain total share by year-end.

Probably the most volatile H&BA category in 1985 was the toothpaste category with pumps making the most noise. Colgate's early jump with the pump gave the brand market leadership for the first time in history. P & G responded later in the year with the introduction of its pumps and, more importantly, its tartar formulation. We see tartar outselling all other forms of Crest by a significant margin and all pumps gaining shares steadily from tubes. Look for Crest to set record shares in 1986 and Colgate to re-evaluate the differentiation of its plaque formulation, Dentaguard, in both name and price from the Colgate brand. As a result of P & G's increased share, we expect promotional levels from Colgate, Lever and and Beecham to increase, thereby increasing profit opportunities for the retailer in the category.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	SHAVE CREAMS			
1	Gillette Brush Plus System 2 oz	12,733	6.42	81,711
2	Edge Shave Cream Sensitive 7 oz	44,918	1.69	75,911
3	Barbasol Regular 11 oz	63,769	1.09	69,508
4	Edge Shave Cream Regular 7 oz	35,207	1.69	59,500
5	Colgate Instant Shave Regular 11 oz	53,194	1.09	57,981
6	Edge Shave Cream Skin Conditioning 7 oz	34,170	1.69	57,747
7	Foamy Regular 11 oz	23,609	2.19	51,601
8	Edge Shave Cream Extra Rich 7 oz	25,194	1.69	42,578
9	Barbasol Lanolin 11 oz	36,327	1.09	39,596
10	Colgate Instant Shave Aloe 11 oz	34,761	1.09	37,889
	DEODORANTS			
1	Right Guard Deodorant 10 oz	67,131	3.29	220,861
2	Sure Deodorant Regular 6 oz	54,465	3.54	192,576
3	Secret Solid Antiperspirant Regular 2 oz	69,739	2.55	127,834
4	Sure Doedorant Unscented 6 oz	41,948	3.54	148,496
5	Mennen Speed Stick Regular 2.5 oz	70,105	2.05	143,584
6	Ban Roll On Deodorant Regular 2.5 oz	38,200	3.17	121,253
7	Sure Solid Antiperspirant Regular 2 oz	46,882	2.55	119,686
8	Secret Solid Regular 3 oz	29,836	3.69	110,095
9	Sure Deodorant Regular 4 oz	46,506	2.36	109,977
10	Secret Roll On Regular 2.25 oz	36,215	2.95	106,995

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ANALGESICS			
1	Tylenol Extra Strength Capsules 100's	30,913	7.35	227,341
2	Anacin Tablets 100's	51,755	4.18	216,161
3	Excedrin Tablets 100's	41,035	5.15	211,400
4	Tylenol Extra Strength Capsules 50's	44,788	4.50	201,558
5	Tylenol Extra Strength Tablets 100's	30,810	6.12	188,548
6	Tylenol Extra Strength Tablets 60's	42,612	4.03	171,785
7	Tylenol Tablets 100's	36,319	4.51	163,887
8	Bufferin Tablets 100's	33,421	4.04	135,067
9	Bayer Aspirin Tablets 100's	46,378	2.73	126,640
10	Anacin Tablets 200's	15,986	7.84	125,410
	TOOTHPASTE			
1	Aqua Fresh Toothpaste 6.4 oz	217,159	1.69	366,999
2	Crest Toopthpaste Gel 6.4 oz	125,017	1.69	211,279
3	Colgate Toothpaste Pump Regular 4.5 oz	119,763	1.69	202,399
4	Crest Mint Toothpaste 6.4 oz	114,722	1.69	193,880
5	Crest Toothpaste Regular 6.4 oz	105,629	1.69	178,513
6	Colgate Toothpaste Pump Gel 4.5 oz	88,141	1.69	148,958
7	Aqua Fresh Pump 4.6 oz	76,691	1.69	129,608
8	Crest Toothpaste Gel 8.2 oz	55,786	2.19	122,171
9	Crest Tartar Control Toothpaste 6.4 oz	70,596	1.69	119,307
10	Crest Mint Toothpaste 8.2 oz	54,410	2.19	119,158

Source: Boston Distributors, Maple Heights, Ohio, for calendar 1985. Boston supplies over 800 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflected typical price points for discount stores.

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Women Customers Gain Importance in Category

By THOMAS A. CORNELL
Senior Vice President, Sales,
Schreiber Co.

As home centers siphon do-it-yourself business from the discount market, discounters need to gear more of their assortments to women with a "kitchen drawer" approach to the department.

Discount merchants should concentrate on such merchandise as batteries, bulbs, small hand tools and fuses.

Only light DIY goods have a place in discount stores today. In plumbing, for example, women will buy a toilet repair kit but will not attempt repairs "below the waterline."

Manufacturers are going only halfway in focusing on the female customer. On the one hand, suppliers are offering attractive packaging with instructions on the back. On the other, they are doing little to change their product mix.

Packaged sets are a good idea in merchandising for the woman hardware customer. Women are more likely to buy a packaged assortment of drill bits—perhaps as a gift. They are less likely to buy single replacement bits.

The plumbing goods that are moving are those targeted at women.

Between 1985 and 1984, Melard toilet tank kits held the line in retail price points at $6.50, while increasing in unit sales from 1,913 to 2,547. That meant a projected increase in retail sales from $12,434.50 to $15,736.50.

Imports are improving margins in hand tools. At the same time, discounters are promoting to increase turns.

Volume for most hand tools slipped in 1985. The Stanley 11-921 heavy duty blade slid from 1984 sales of 15,592 units to 13,946 units last year. Approximate retail sales dropped during the same period from $20,259.04 to $17,850.88. The decline was typical for the category.

In paint, private label is growing at the expense of national brands with declining margins. Drawing traffic with competitively-priced paint remains important to generate sales in higher-margin sundries. We have found that rebates and other incentives work well. Coupons, for instance, are effective in selling aerosol spray paint.

The brush business is getting more sophisitcated. Manufacturers have made large strides with packaging and coordinated displays. In this cat-

(Continued on page 33)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PLUMBING			
1	Melard 1501 Basket Strainer	10,919	1.55	16,924.45
2	Melard 1600 Toilet Tank Kit	2,421	6.50	15,736.50
3	Melard 1660 Survo-Flush Kit	2,547	5.97	15,366.78
4	Melard 1603 Ballcock Brass	1,376	10.95	15,067.20
5	Melard 1422 Super Plunger	4,559	3.26	14,862.34
6	Melard 18016 6′ Fem X Fem	3,769	3.58	13,493.02
7	Melard 373 Shower Massage	1,294	10.22	13,224.68
8	Melard 49021E Plunger	8,972	1.45	13,009.40
9	Melard 1619 Flapper Ball	8,661	1.41	12,212.01
10	Melard 3525 Shower Massage	700	17.21	12,047.00
	HAND TOOLS			
1	Arrow T-50 Staple Gun Tack 042617-7	1,088	16.97	18,463.36
2	Stanley 11-921 Heavy Duty Blade	13,946	1.28	17,850.88
3	Stanley 33-425 25′ Tape Rule	1,309	13.57	15,029.95
4	Jurl B-103 Tool Holder	1,217	12.35	15,029.95
5	Stanley 33-212 12′ Power Rule 041278-9	1,423	9.27	13,191.21
6	Stanley 33-312 12′ Power Rule 041279-8	1,785	7.36	13,137.60
7	Stanley 34-500 100′ L Tape	1,089	12.00	13,068.00
8	Stanley 10-099 Retract Knife	3,513	3.47	12,190.11
9	Arrow T-50 Staple Gun Tack 42616-8	881	13.70	12,069.70
10	Jurl N-453 Nail Bag	1,020	11.56	11,791.20
	HARDWARE			
1	Bost 203 Glue Gun	1,049	11.67	12,241.83
2	Bost 220 All Purpose Glue	3,394	2.24	7,602.56
3	Ferm #500 8x10 Shelf Bracket	13,192	0.54	7,123.68
4	Ferm #500 10x12 Shelf Bracket	7,605	0.86	6,540.30
5	Ferm #500 6x8 Shelf Bracket	14,945	0.42	6,276.90
6	Bost K110 Pop Rivetool	446	9.84	4,388.64
7	Bost 229 4″ Glue Sticks	1,125	3.59	4,038.75
8	Shep 9121 1″ White Tip	3,275	1.23	4,028.25
9	Stanley 84-107 8″ Slp Jt Pli	882	4.53	3,995.46
10	Shep 9091 Rd Cpt Base Cup	2,662	1.43	3,806.66

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	POWER TOOL ACCESSORIES			
1	B & D 71-01313-pc bit set	2,100	11.03	23,163.00
2	B & D 73-300 3-in-1 Blade	2,490	7.87	19,596.30
3	B & D U1670 6-pc set	1,551	9.54	14,796.54
4	B & D 71-120 Hole Saw Asst	1,006	10.53	10,593.18
5	B & D 71-007 7-pc Drill Set	1,752	5.95	10,424.40
6	B & D 71-382 Mag Bit w/Hld	1,408	6.82	9,602.56
7	B & D 70-404⅛″ Drill Bit	6,475	1.45	9,388.75
8	B & D 71-010 10-pc Bit	1,160,	8.03	9,314.80
9	B & D 71-005 5-pc Drill Set	1,599	4.42	7,067.58
10	B & D 73-007 Combination Blade	2,350	2.84	6,674.00
	PAINT TOOLS			
1	Hyde 04850 6″ Wall Scraper	10,965	2.77	30,373.05
2	Hyde 13050 Razor Scraper & Blades	21,107	1.26	26,594.82
3	Hyde 0910 Corner Tool	3,275	7.48	24,497.00
4	Hyde 09710 10″ Knife	2,450	7.53	18,448.50
5	Hyde 04100 1.5 Putty Knife	12,616	1.46	18,419.36
6	Hyde 09100 10″ Taping Knife	2,440	7.53	18,373.20
7	Hyde 04700 4.5 Wall Scraper	8,097	2.26	18,299.22
8	Hyde 2850 6″ Joint Knife	3,435	4.96	17,037.60
9	Hyde 09058 Precut Drywall	3,820	4.38	16,731.60
10	Hyde 45810 Super Guide	4,425	3.47	15,354.75
	LIGHTING			
1	Lite UC15P Und Cab Lit	6,745	8.70	58,681.50
2	Jama 75 20 Glass/8 Lite	522	84.38	44,046.36
3	Robt KL54B Circline 2	794	34.89	27,702.66
4	Jama 73 6 Glass/3 Lite	630	32.82	20,676.60
5	Jama 80 12 Glass/6 Lite	240	65.63	15,751.20
6	Dval 40830K Oak	95	155.18	14,742.10
7	Lite 95-2411 Gridlight	638	21.90	13,972.20
8	Dval 9800PB Wall Fixture	1,379	10.05	13,858.95
9	Dval 80840K Oak	160	85.31	13,649.60
10	Dval 4461PB Bevel	96	139.65	13,406.40

(Continued on page 33)

ATTENTION SUPPLIERS
OPEN BUYING DAYS
IN LOS ANGELES

Shopko Stores from Green Bay, Wisconsin, will have Open Buying Days in California to review Regional sources of supply to service our new western stores in the states of Idaho, Montana and Washington. Distributors and regional vendors that service Idaho, Montana and Washington are desired. **Open Buying will be on May 28, 29 & 30 from 8 am to 5:30 pm at the Buying Offices of Atlas West Corp., 12th Floor, 117 West 9th Street, Los Angeles, California, 90015.** Our primary interest lies in the following hardlines and softlines merchandise categories:

Electronics
Hardware
Auto
Candy
Grocery

Lawn & Garden
Tobacco
School Supplies
Sporting Goods
Fireworks

Books
Magazines
Toys
Woven Tops/Missy, Jr.
Knit Tops/Missy, Jr.

Knits and Woven Tops/Plus Sizes
Jeans & Pants/Missy, Jr., Plus Sizes
Domestics
Jewelry
Crafts
Fabrics

Please call 414-497-2211 ext. 332 to schedule a personal interview.

ShopKo

Shopko Stores, Inc. Green Bay, WI

Hardware

(Continued from page 28)

egory consumers want a quality product, and price is less important than on paint itself.

Batteries, a strong part of the business, were attracting attention even before Union Carbide's sale of Eveready to Ralston.

Both Eveready, with 60% of the market, and Duracell, the nearest competitor, have introduced batteries with 15% longer life, and that is producing excitement in the category. Discounters are reponding to this new potential by placing new emphasis on batteries in their hardware departments and cross-merchandising batteries in the fronts of stores as an impulse item.

Batteries in multi-packs are making a comeback. Rayovac is doing well with a Smart Pack usually sold near the checkout lanes.

In sales, the Eveready AA alkaline battery remains the leader, increasing in units from 201,989 in 1984 to 228,192 last year. With the typical retail holding steady at $2.99, overall volume climbed to $682,294.08 last year from $603,887.31 in 1984.

Duracell is moving up fast in our shipments, taking second place under Eveready in first place. Shipments for the Duracell D two-pack reached 276,908 last year, up from 196,520. That means retail sales of of $670,117.36 last year, compared with $440,204.80 in 1984. The increase came despite a price hike that took the typical retail from $2.24 in 1984 to $2.42 last year.

Power tools are rebounding, but our shipments of the category's top-grossing Black & Decker Dustbuster have declined as the Dustbuster Plus has garnered more market share. Last year, we moved 2,853 Dustbusters, down from 3,722 in 1984. That represents an estimated dip in retail gross from $118,471.26 in 1984 to $86,274.72 last year.

Retail Gross Doubled

The Dustbuster Plus, however, increased sales sharply as lower prices generated movement. Schreiber shipped 477 units in 1984, when the typical retail was $40.64. Last year, at a retail price point of $29.44, the company sold 1,265 units. The projected retail gross rose from $19,576.20 in 1984 to $37,241.60 last year.

Black & Decker had a greatly improved year in 1985 with 7 1/4 in. power saws. Sales rose from $43,294.44 in 1984 to $76,304.80 last year. Last year, 1,885 units sold at a typical retail of $40.48. The year before, 474 sold at $41.30.

3M Co. continues to dominate Schreiber Co. shipments of abrasives. 3M's 9002 medium sandpaper led category sales in 1984 and still managed to improve performance greatly last year. After shipping 25,898 units in 1984, we moved 44,594 units in 1985. In estimated retail sales, that meant an increase from $43,249.66 to $76,178.79. Typical retail price increased a dime to $1.71.

BATTERIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Eveready E91BP-4 AA Alkaline	228,192	2.99	682,294.08
2	Duracell MN1300B2 D 2-pk	276,908	2.42	670,117.36
3	Duracell MN1400B2 C 2-pk	221,227	2.42	535,369.34
4	Duracell MN1500B4 AA 4-pk	172,989	3.07	531,076.23
5	Eveready E93BP-2 C Alkaline	218,364	2.23	486,951.72
6	Eveready E958P-2 D Alkaline	212,400	2.23	473,652.00
7	Duracell MN1604B 9 V	149,780	2.42	362,467.50
8	Duracell MN1500B2 AA 2-pk	179,043	1.74	311,534.82
9	Eveready E91BP2 AA Alkaline	159,299	1.88	299,482.12
10	Eveready 522BP 9-V Alkaline	116,443	2.23	259,667.89

POWER TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B & D 9330 Dustbuster	2,853	30.24	86,274.72
2	B & D 7308 7¼" saw	1,885	40.48	76,304.80
3	B & D 9360 Spotlighter	2,000	24.98	49,960.00
4	B & D 7391 7¼" Circular Saw	708	54.39	38,508.12
5	B & D 9333 Dustbuster Plus	1,265	29.44	37,241.60
6	B & D 7147 ⅜ Rev Drill	1,108	26.33	29,173.64
7	B & D 7447 Belt Sander	561	46.19	25,895.76
8	B & D 7404 Sander	908	26.81	24,343.48
9	B & D 7190 ⅜" Drill Vs	528	41.25	24,007.50
10	B & D 7530 2 Speed Jig Saw	880	26.85	23,628.00

ABRASIVES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3MCO 9002 Sandpaper Med	44,594	1.71	76,178.79
2	3MCO 9003 Sandpaper Corse	36,405	1.71	62,252.55
3	3MCO 9005 Sandpaper Asst	36,010	1.71	61,577.10
4	3MCO 9001 Sandpaper Fine	27,657	1.71	47,239.47
5	3MCO 9000 Sandpaper X-Fine	19,287	1.71	32,980.77
6	3MCO 8651 Dust Masks 5-pk	14,658	2.19	32,160.15
7	3MCO 9088 Wet or Dry Asst	7,069	2.52	17,813.88
8	Intl St Wool 8-Pad	14,524	1.07	15,540.68
9	Intl St Wool 8-Pad 3/0	13,471	0.97	13,066.87
10	3MCO 9064 Emery Asst	3,880	3.30	12,804.00

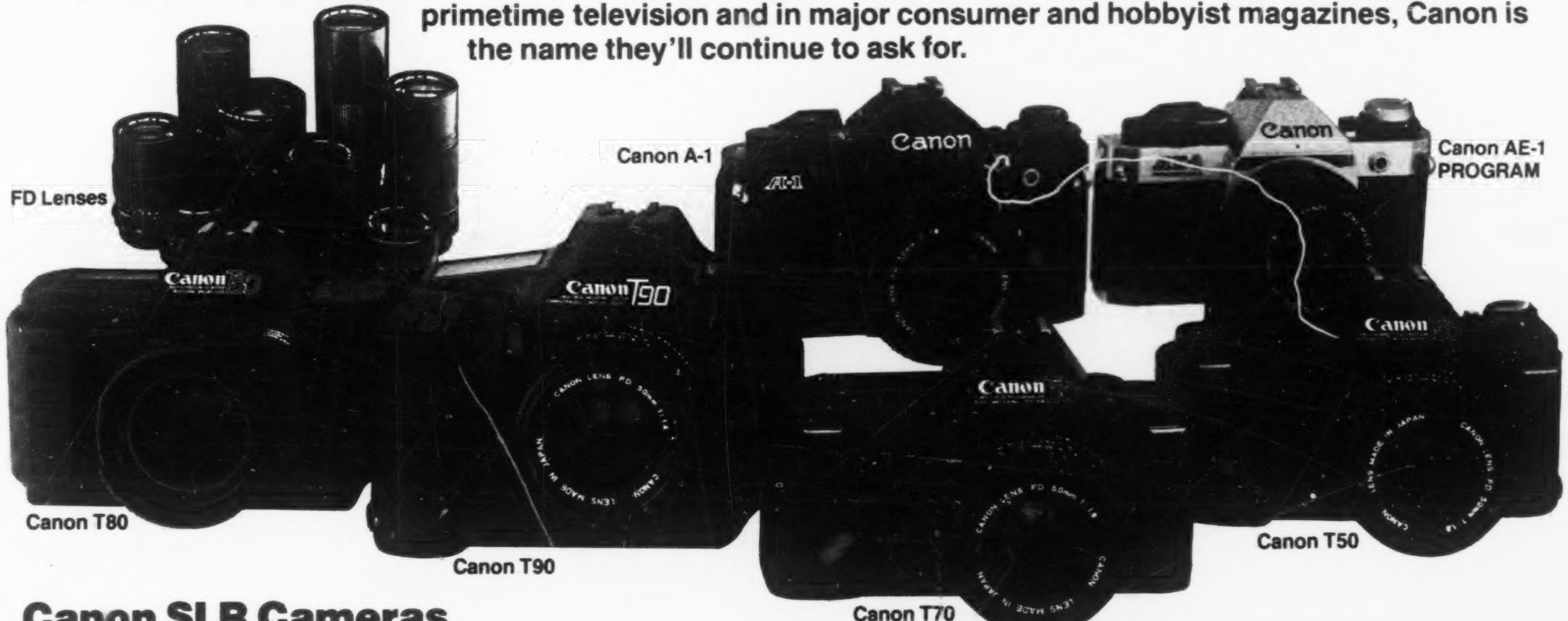
ELECTRICAL

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Epak Moc-6C Multi-Outlet	2,198	16.82	36,970.36
2	Epak Moc-4C Multi-Outlet	1,624	15.02	24,392.48
3	Carol 100' 16-2 Extension Cord	1,596	13.38	21,354.48
4	Leviton 3-Way Adapter	24,701	0.57	14,079.57
5	Carol 8½" Clamp Light	2,385	5.25	12,521.25
6	Carol 9' Extension Cord, brown	11,748	1.06	12,452.88
7	Woods 100' 16-3 Extension Cord	992	12.06	11,963.52
8	Leviton Dimmer	2,870	4.16	11,939.20
9	Leviton Outlet	4,463	2.45	10,934.35
10	General 50' 12-2 Romex Cable	1,018	10.20	10,383.60

Source: Schreiber Co., distributor, Lititz, Pa., for calendar 1985, covering 825 stores, including 725 discount stores, in the Northeast, Southeast, mid-Atlantic and North Central regions. Average prices reflect typical price points for most discount chains.

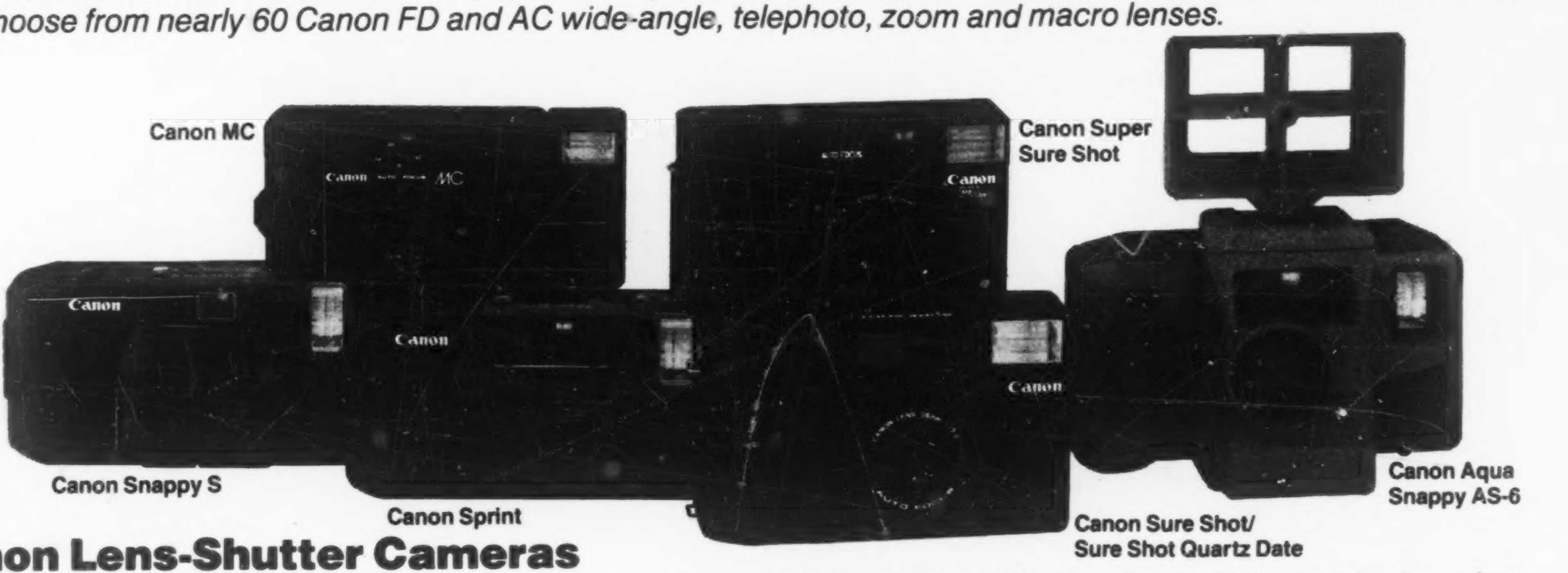
Canon
The multiple choice answer.

When it comes to giving your customers a choice of 35mm cameras, there's no question that Canon goes to the head of the class. With more styles and price points than any other camera maker, you can give your customers the name they want more than any other. And with Canon's heavy advertising campaigns on primetime television and in major consumer and hobbyist magazines, Canon is the name they'll continue to ask for.



Canon SLR Cameras

The world's most popular line of SLR's comes from Canon. For example, our "T" Series cameras feature built-in, motorized film loading and winding plus touch-button controls that make them incredibly advanced, yet programmed automation and even programmed flash, make them simple to use. And the Canon "A" Series, featuring the popular AE-1 PROGRAM and the advanced A-1, offer a complete line of profit-building accessories. *And Canon SLR owners can choose from nearly 60 Canon FD and AC wide-angle, telephoto, zoom and macro lenses.*



Canon Lens-Shutter Cameras

Canon is also the leader in 35mm snapshot cameras too. With automatic film loading, winding and advancing, automatic exposure, automatic flash and more, your customers never have to settle for anything less than Canon quality. And the new Aqua-Snappy AS-6 brings a new dimension to 35mm photography—all-weather and underwater capability at a popular price. Canon offers the most complete line of 35mm lens-shutter cameras—they're sure to make your cash registers ring!

Canon

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Chains Broaden Fishing Basics, Trim Exercise Gear

By FRANK KATLIN
Vice Chairman of the Board, Maurice Sporting Goods

Although 1985 was only a moderately successful year, we do see prospects for growth in 1986. The major change last year was a decline in exercise equipment. Retailers are cautious about growth in the exercise business and are responding with a back-to-basics strategy in other categories.

They are emphasizing broader assortments and stronger presentations in fishing, camping and general exercise, categories where everyday merchandise will produce a greater return.

There are some key items that should help produce good results for 1986. One example is Mag Instrument, a mini mag accessory pack, and another is a miniature flashlight/accessory kit that will most likely be offered at $14.99 on special. In fishing, the key item will be the Zebco #33 classic fishing reel, with retailers probably offering it at $19.99 on sale. Promotional fishing lure kits, like the South Bend kit 90 will remain strong as the concept of the kit becomes more popular than single lures.

The Plano Phantom tackle box will do well. It's somewhat larger than other tackle boxes, with some hi-tech cosmetics. It will probobaly sell at $34.99 everyday, with some retailers promoting it at $29.99 range. Many mass merchants had an excellent year in fishing as combos and tackle boxes continue to be the backbone of the department.

Fitness a Key Area

During 1985, discounter sporting goods departments ran at a 7% to 10% increase. Overall inventories reduced quite well at the end of the year, due to a strong sell through at Christmas. The fitness category still remains a key area in the department but the exercise equipment side of the business is down.

Price points on weight benches and exercise bicycles continue to come down and unit sales were off. The top price points on exercise bikes are now closer to $80, probably lower on ad, compared to the $100 to $125 everyday price of a year ago.

In the fishing category, Shakespeare and Johnson brands had particularly strong years. The bulk of sales for combination rod and reel sets is generated at price points from $19.99 to $24.99.

Although hunting has been played down in recent years, discounters that do sell guns and ammunition enjoyed a strong year in the category, especially on promotional shotguns and rifles. The most popular promotional price point on a Marlin rifle, for example, seems to be $79.99.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	FISHING			
1	Shakespeare Ugly Sticks #1100	29,540	34.99	1,033,604
2	Keeper Bait Fish Formula	120,700	5.99	722,993
3	Zebco Spincast Kit #1245	40,584	12.99	527,186
4	South Bend Spincast Kit	40,980	9.99	409,390
5	Zebco Spincast Reel #33CP	26,600	14.99	398,734
6	Berkley Lightning Rods #LR15	8,760	44.99	394,112
7	Plano 3 Tray Tackle Box	31,275	11.99	374,987
8	Zebco Spincast Kit #1545	24,700	14.99	370,253
9	South Bend 1300 Series Rod	37,550	8.99	337,574
10	Zebco 33 Classic Spincast Reel	15,621	19.99	312,263
11	Ryobi VMAG3 Baitcast Reel	10,570	24.99	264,144
12	Johnson 225 Spincast Reel	14,662	12.99	190,459
13	Daiwa Spinning Kit	11,027	12.99	143,240
14	South Bend 3000 Series Rod	11,870	11.99	142,321
15	Garcia Spincast Kit	8,670	14.99	129,963

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ATHLETIC			
1	Keeper Bait Deer Formula	20,275	5.99	121,447
2	Tasco Scope	2,250	49.99	112,477
3	South Bend All Star Batting Set	9,350	9.99	93,406
4	Schrade Knife	2,706	24.99	67,622
5	E. Z. Mount Gun Rack	6,650	6.99	46,483
6	Daisy BB Gun	1,540	29.99	46,184
7	Tonka Toaster	6,200	6.99	43,338
8	Crossman BB Gun	1,170	34.99	40,938
9	South Bend Folding Stool	10,170	3.99	40,578
10	Outdoorsman Deer Formula	9,950	2.99	29,750
11	Kent Vinyl Cushion	3,380	7.99	27,006
12	Bear Archery Aluminum Arrow	9,794	2.49	24,389
13	Gee Lox Gun Rack	3,327	6.99	23,255
14	Hunter Safety Vest	6,580	2.99	19,674
15	Camo Tee Shirt	3,250	5.99	19,467

Source: Maurice Sporting Goods, Chicago, for calendar 1985. Maurice distributes to 25,000 sporting goods outlets, 72% of them discount stores, in 42 states. Prices reflect average price points of discount clients.

LAST YEAR
A BILLION DOLLARS
WORTH OF
MERCHANDISE
WAS TAKEN FROM
OUR STORES.

ROSES
Roses
DISCOUNT STORE
ROSES

TV's. VCR's. Outdoor grills. Microwave ovens. 10-speed bikes. Food processors. Lee jeans. The latest fashions. They're all walking out of Roses at an incredible rate.

As a result of this, Roses' sales topped one billion dollars this year.

Roses doesn't sell over a billion dollars worth of merchandise a year by being a nickel and dime operation.

Founded in 1915, Roses has through internal expansion grown to a chain of over 200 modern discount stores operating in the Southeast. And we're adding an average of 25 new stores a year.

Every Roses carries over 30,000 different products in 63 departments. We sell all merchandise at low discount prices. Every day. And Roses has over 40 sales a year. So a lot of times we sell products for even less.

Roses always offers the lowest prices possible. Because we buy in volume for all of our stores.

Today's Roses have wide aisles to make shopping fast and easy. Name brand products are always attractively displayed.

Roses' state-of-the-art computer checkout lets us know exactly what's taken from our stores. So we can easily control inventory.

At Roses, we've always done everything possible to put our customers first. That's why more than 80 million people spent over a billion dollars with us last year.

And that's a success story no one can take away from us.

ROSES

The best place for the best price.®

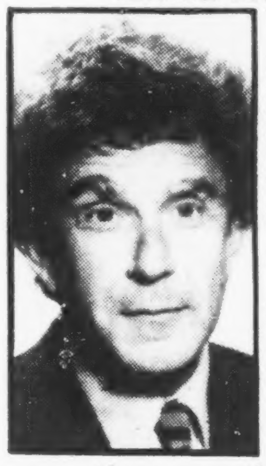
PRODUCT MOVEMENT AUDIT: AUTOMOTIVE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	AUTOMOTIVE			
1	Sealed Beam, large square	83,728	7.99	668,986
2	Flia Motorcraft Oil Filter	150,966	4.19	632,547
3	Auto bulbs, 2 on a card, 1157	408,365	1.09	445,117
4	Sealed Beam, large round	135,178	3.29	444,735
5	Armor All Protector, 8 oz	146,639	2.99	438,450
6	Sealed Beam, low square	85,391	4.99	426,101
7	Snowite Lit'N'Easy, gal	29,427	13.99	411,683
8	Gumout Jet Spray, 13 oz	170,176	2.39	406,720
9	Raindance Pste, applctn pckg, 14 oz	55,408	7.19	398,383
10	Hydraulic Floor Jack, 2 ton	7,261	54.29	394,199
11	Armor All Protector, 16 oz	62,275	6.19	385,482
12	Air Compressor, w/gauge	16,269	22.99	374.024
13	Mini Hydraulic Floor Jack, 2 ton	8,174	44.99	367,748
14	Halogen Sealed Beam, large square	17,190	19.99	343,628
15	Turtle Wax Supr Hrd Shell Pste, 14 oz	83,314	3.99	332,422
16	Quartz Hlgn Fog Light Kt, Amber	10,264	29.99	307,817
17	Oil Treatment, 15 oz	125,839	2.29	288,171
18	Raindance Lqd, applctn pckg, 16 oz	35,472	7.19	255,043
19	Gamout Carburetor Cleaner, 12 oz	123,624	1.89	233,649
20	AC Spark Plugs, R45TS-8BP	19,149	12.09	231,511
21	Roberk 16" Wiper Blade Refill	100,743	2.19	220,627
22	Westl Bleche-Wite-Liquid, 20 oz	99,422	2.19	217,734
23	Window Film Kit, smoke 20" x 10'	23,083	8.99	207,516
24	Gunk Engine-Brite Aero, 20 oz	92,840	2.19	203,319
25	Freon, 14 oz, 1001	155,385	1.29	200,446
26	AC Oil Filters, PF-47	49,368	3.99	196,978
27	Chamois, 2½ sq ft	32,575	5.99	195,124
28	Roberk 18" Wiper Blade Refill	87,231	2.19	191,035
29	Warco Dot Brake Fluid, qt, 1002	48,073	3.89	187,003
30	Lee Oil Filter, LF 1	52,620	3.49	183,643
31	Armor All Protector, 32 oz	20,295	8.99	182,452
32	WD-40 Aerosol, 9 oz	69,543	2.59	180,116
33	AC Oil Filters, PF-25	44,370	3.99	177,036
34	Quartz Hlgn Drvng Lght Kt, clr	5,810	29.99	174,241
35	Turtle Wx Zip Wx Liqd Cr Wsh, 18 oz	72,801	2.39	173,994
36	Roberk 16" Wiper Blades	78,077	2.19	170,988
37	One Piece Auto Ramp, pair	7,695	21.99	169,213
38	Pylon 16" Wiper Refills, 1016	75,333	2.19	164,979
39	Snap Fix-A-Flat, 12 oz	118,438	1.39	164,628
40	Armor All Protector, 4 oz	95,982	1.69	162,209

(Continued on page 39)

Economy Boosts Car Care Sales

By HERB RECHTER
President,
Allied Auto Parts



With the dramatic decline in gasoline prices and fewer vacationers willing to go abroad, many Americans are likely to begin driving more, especially during the peak vacation months of summer.

That additional driving should help boost sales of a wide range of auto aftermarket products. Cars with more miles on them will need to replace parts more quickly and will use up additives and other care products more rapidly.

Americans are clearly paying close attention to their cars these days. This trend is reflected in the rise of sales of performance products. People are "chroming up" under the hood as a new emphasis on dressing up a car takes hold, and discounters have carved out special sections in their auto departments for this business.

Window Film Sales Up

One product in particular which has grown quickly in sales is a window film kit, smoked, 20 in. by 10 in., which skyrocketed to 23rd on the list of top selling items. Consumers are apparently attracted both by the advantages of smoked windows and by the way it helps "dress up" their cars. Another window film kit, 20 in. by 5 in., is also among the top 100 moving items in 55th place.

Although discounters continue to look aggressively for potentially hot new products, much of the emphasis remains on staple products, particularly those which are not heavily advertised brand names. Profitability in the category is being driven by old-standbys like wiper blades and quartz halogen lights where margins haven't been eroded by heavy brand name television advertising.

Discounters continue to get more aggressive on price to meet the challenge of auto parts specialty stores which continue to spread rapidly and are clearly here to stay. The emphasis in advertising will stay on chemicals and accessories and other staples products discounters feel they can compete in against the specialists, who continue to lure shoppers by featuring parts in their major promotions.

As part of the process of becoming more profitable in these staples, discounters continue to weed out their departments. In waxes and polishes, for instance, buyers are avoiding the fringe items and going back to the basics like

(Continued on page 39)

Introducing
OLYMPUS INFINITY.
The totally automatic, weatherproof 35mm.

NEW FROM OLYMPUS, THE CAMERA THAT REDEFINES "ULTIMATE" IN THE LENS-SHUTTER CAMERA. INFINITY—OFFERING INNOVATIONS OF INFINITE ADVANTAGE!

TOTALLY AUTOMATIC

From loading to rewinding, INFINITY does it all. Auto load, auto advance, auto film speed setting, auto programmed exposure, auto ESP Quick Flash, auto rewind—equals total automation. The INFINITY gives what your customers need—Olympus 35mm quality with automatic ease.

ESP QUICK FLASH SYSTEM FIRES EVERY SECOND

Just open the Dust Barrier—INFINITY measures the light and automatically fires the flash when needed. No matter how complex the lighting—indoor, backlit or even automatic fill-flash—INFINITY makes it simple because of its ESP Quick Flash.

And quick! With its user-replaceable Duracell Lithium battery pack, INFINITY's flash recycles *every second*. And under normal use it will keep flashing with unparalleled speed and dependability, for as long as 5 years on a single battery pack!

INFINITY's ESP Quick Flash System is light-years ahead of the rest!

WEATHERPROOF AND WATER-RESISTANT

INFINITY is more than a fair-weather friend! Weatherproofing makes it the first popularly-priced auto focus 35mm camera that can go anywhere, taking on showers or snow, dust or blowing sand—and keep taking beautiful pictures.

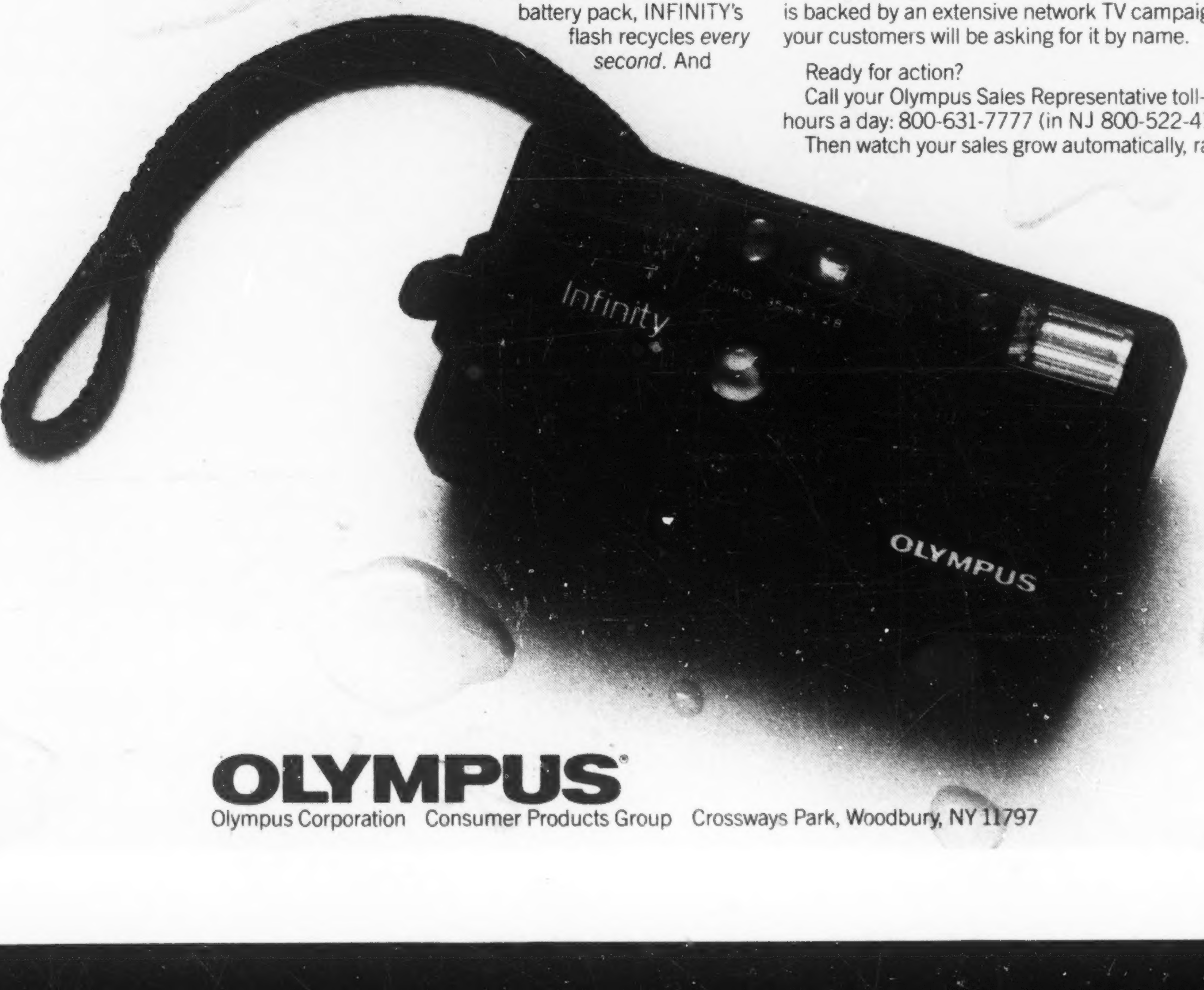
INFINITELY EASIER TO SHOW AND SELL

There's no limit to the market seeking the high quality, utterly simple and economical operation of this latest Olympus breakthrough. INFINITY is for anyone looking for a totally automatic 35mm that takes superb pictures...anytime, anywhere, under *any* circumstances. That means anyone walking up to your camera counter! And, since the INFINITY is backed by an extensive network TV campaign, many of your customers will be asking for it by name.

Ready for action?

Call your Olympus Sales Representative toll-free, 24 hours a day: 800-631-7777 (in NJ 800-522-4159).

Then watch your sales grow automatically, rain or shine.



OLYMPUS®
Olympus Corporation Consumer Products Group Crossways Park, Woodbury, NY 11797

Car Care

(Continued from page 36)

Raindance paste, 14-oz., which ranked 9th on the movement chart this year. Manufacturers have clearly caught on to the trend, because they introduced few new items this year. That suggests that the back-to-basics movement in waxes and polishes will be around for some time.

To be more competitive, discounters are also focusing on private label products, especially imported lines that leave good room for profits. Our retailers have done well with bulbs, antennas, mirrors and floor jacks.

One private label item that is particularly strong is an air compressor with gauge. That ranks 12th on the movement list. The air compressor carries the third highest average retail among the top 15 products, going out consistently for $22.99. It sells so well because of its versatility as both an auto and a bike product.

Third Brake Light Down

One item trending down is the third brake light. Vendors rushed into this category and more than 100 different brands must now be available. That oversaturation has helped drive down the retail from an average of $19.99 last year to about $7.99 at present. I expect to see further declines, probably to as low as $4.99 within the next several months.

The move toward halogen sealed beams continues to gather strength. A halogen sealed beam, large square, jumped to 14th on the current movement list, compared with 19th position on the previous list. The average retail for the product stayed at $19.99. A second sku of halogen sealed beam is 45th on the list, up from 70th place on the previous list.

Last year also saw a brief resurgence in our 2-ton hydraulic floor jack. The year before it slipped from 2nd to 14th on the list because we added a mini-hydraulic floor jack. Although the mini-jack outsold the regular sized jack again this year, it did so by a smaller margin. The higher average retail of the regular floor jack, $54.29, helped push it up to 10th on the most recent product movement list.

Auto Shack Installs System

MEMPHIS — Auto Shack, the chain of specialty auto stores based in Memphis, is currently installing a new computerized system to monitor merchandise placement and movement to meet the company's growth demands.

The new system, dubbed CAESAR (Computer Assisted Evaluation System for Automotive Retailing) should be in place by June.

The computerized planogram system will provide information on floor plans, shelving orders and item evaluation by store and zip code, said the company.

AUTOMOTIVE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
41	Jack Stand, 3,000 lb	29,181	5.49	160,203
42	Rislone Oil Alloy, 100 qr, 32 oz	56,161	2.79	156,689
43	Pylon 18" Wiper Refills, 1018	71,400	2.19	156,366
44	Prestone Hvy Dty Brk Fld, 12 oz	78,548	1.99	156,310
45	Halogen Sealed Beam, large square	13,906	10.99	152,826
46	Motorcraft Oil Filter, Fl 400	31,435	4.69	147,430
47	Chmpn Spk Plgs, RV15YC4BP8 (RBL15Y4)	12,135	12.09	146,712
48	Air Conditioner Recharge Kit, w/freon	21,187	6.89	145,978
49	Johnson Wax Kit, Pre-soft Pst Wax	34,676	4.19	145,292
50	Antenna Spring w/Booster, 45"	15,816	8.99	142,185
51	Roberk 18" Wiper Blades	64,883	2.19	142,093
52	Warco Dot Brake Fluid, 12 oz, 1001	94,919	1.49	141,429
53	Auto Bulbs, 2 on a card, 1157 NA	85,938	1.59	136,641
54	Auto Bulbs, 2 on a card, 194	124,029	1.09	135,191
55	Window Film Kit, smoke 20" x 5'	28,218	4.79	135,164
56	6-Amp Battery Charger, SE 86	4,.480	29.99	134,355
57	C-16 Bars Leak, 12 oz (80)	61,148	2.19	133,914
58	CD-2 Oil Detergent, black label	55,458	2.39	132,544
59	8101 BP Top Post Hd Term 1/cd	132,163	0.99	130,841
60	Lee Oil Filter, LF-40	32,423	3.99	129,367
61	15" Wire Wheel Cover	6,805	18.99	129,226
62	Prestone Super Flush, 22 oz	39,131	3.29	128,740
63	Lee Oil Filter, LF-25	32,938	3.89	128,128
64	E43Z-12A297A DY425 Module	1,853	68.83	127,549
65	Multi-Srvc Grease, 14½ oz	91,517	1.39	127,208
66	400-195 Thermostat b/p	56,816	2.19	124,427
67	Snowite Lite-N-EZ qt kit, 3305	24,885	4.99	124,176
68	AC Oil Filters, PF-35	30,561	3.99	121,938
69	R45TS-8TB replaced by #187706	10,017	12.09	121,105
70	DL Hand Cleaner, blue label, 14 oz	93,296	1.29	120,351
71	Gas Can, flex spout, 2 Gal	19,603	5.99	117,421
72	Sealed Beam, low round	42,028	2.79	117,258
73	Plastic Bttl Gas-In Anti-Freeze	198,458	0.59	117,090
74	Super Hard Shell, liquid, 12 oz	39,083	2.99	116,858
75	14" Wire Wheel Cover	5,973	18.99	113,427
76	High Intensity Fog Light Kit, amber	8,721	12.99	113,285
77	Turtle Minute Wax, 18 oz	18,907	5.99	113,252
78	Blue Poly Paste Sealant, 16 oz	11,330	9.99	113,186
79	Gas Can, flex spout, 5 gal	8,693	12.99	112,922
80	Chamois, 4½ sq ft	12,528	8.99	112,626

Source: Allied Accessories and Auto Parts, Madison Heights, Mich., for calendar 1985. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount auto departments. Average retail prices reflect typical price points for discount stores.

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Boys' Action Figures to Drive Fourth Quarter Toy Volume

By **JEFFREY C. KASCH**
President,
M. W. Kasch Company

Industry growth should be 10% to 15% this year, compared with just 3% to 4% in 1985. The difference this year will be that consumer demand for key toy categories will be more consistent through the fourth quarter, driven by boys' action figures, a variety of plush and electronic learning toys.

We are far more optimistic in terms of toy sales overall for the last six months of 1986. Last year, there were tremendous shortages in the boys' action category—Masters of the Universe, GoBots, GI Joe, Transformers—in the first quarter. Everything had sold out. As we got into the middle of the year, GoBots slowed down, Masters and even Transformers slowed down near the end of the year. They hit a wall.

For 1986 I think the dominant category will be, once again, boys' adventure toys. The animated, activited plush like Teddy Ruxpin will be a key category this year, second only to boys' action toys.

Learning Aids to Follow

Third, or maybe even second, will be learning aids by Coleco, Video Tech and Texas Instruments that offer electronic word and math games. Licensed plush is also going to be wild: the Pound Puppies, Wrinkles, Fluppy Dogs, and the others.

What kind of a toy year was 1985? In comparison to 1984 it was not a good year. That year (1984) was so heavily skewed by Cabbage Patch and Trivial Pursuit that the numbers were virtually impossible to duplicate. It was a tough act to follow:

■ While the world proclaimed Cabbage Patch dead, the consumer bought more Cabbage Patch in 1985 than in any prior year. Coleco tried to control the availability so that the market wasn't glutted. We all tend to be piggish. The minute someone says "shortage," we order four times what we can handle.

Real Baby also did very nicely in the open-eye version last year (rather than the sku with eyes closed). For this year, the jury is out on just how the doll will perform. Right now nothing in baby dolls is strong. We may end up with the traditional fourth quarter doll business when major purchases are deferred until the last minute and become almost a necessity on holiday shopping lists.

There was a little burst of activity when Cabbage Patch clowns were introduced, but $30 and $40 dolls don't necessarily sell well in April, May and June.

■ For the last several years, plush has been very quietly gaining momentum as a product category and has represented a larger percentage of consumer pruchases than it did three or four years ago. This year we are seeing a continuation of that trend as well as an explosion of product that is animated or interactive, that combines a plush look with an interactive activity.

■ Basic toys are the other side of the coin from boys' activity toys. Basically, the promotional goods died in the fourth quarter of 1985 and the basic staple merchandise took off like a scared rabbit. One major example was the entire game category. It just melted off the shelf. And the preschool category, it melted off the shelf. It's almost impossible to explain. Somewhere there is a cycle operating; perhaps it's a trend that is taking place within our society.

But then I can turn around and look at the first quarter of 1986 and see that all the promotional, gimmicky items are selling. There's an item called Madball we can't get enough of. There's an item from Mattel called Muscles, which is a hot promotion that is flying off the counter.

■ Are imports playing a more important part in retail assortments than they used to? Talking about place of origin is the wrong way to attack the issue because many of the lines by Mattel, Hasbro and Kenner are imported products that are manufactured off-shore. But some of the domestic marketers have abandoned a segment of the market—the nonpromoted $1 to $5 toy. In that sense there is some very viable product that is being manufactured off-shore. Items like battery operated, action animals and vehicles are only available off-shore.

Prices took a major leap upward last year, as shown by the cost of the top 10 toys for consumers. In 1984 the top 10 would have cost consumers $128.90 with unit volume at 2,025,000, but in 1985 that amount rose to $299.90 on unit volume of 423,000 units.

Pricing is important, but it is not the dominant feature. If you've got a great toy that is expensive and the public wants it, they are not afraid to spend dollars. I do think it shows there is a relationship between total consumer dollars spent and number of units sold.

Spending Limit

Obviously, the public has "X" number of dollars they are going to spend on toys. The family has set a spending limit and although this family may be willing to spend $69.99 for a Teddy Ruxpin, the same family then becomes less, rather than more, likely to turn around and spend $30 on a Cabbage Patch or other major toy purchase.

Part of the pattern of consumers spending more on toys is due to overall higher costs. Five years ago, would you have paid $12,000 for a Chevrolet?

Retailers who have decided to be cautious and carry a broad assortment until they see what the hot toy will be risk being out of stock on key items. And the strategy isn't foolproof. Last year was a prime example. Everything that was hot, with rare exceptions, in the first six months of the year hit a wall in October or November. It is very difficult to project product through a 12-month cycle based on the first six months. It is not impossible, but in general terms, your success ratio is not going to be great.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TOYS			
1	Coleco 16" Cabbage Patch Kids	70,000	29.99	2,099,300
2	Coleco Cabbage Patch Preemie	41,000	29.99	1,229,590
3	Selchow & Righter Trivial Pursuit	35,000	24.99	874,650
4	Worlds of Wonder Talking Teddy Ruxpin	12,000	69.99	839,880
5	Selchow & Righter Young Players Edition	30,000	24.99	749,700
6	Tonka Pound Puppies Asst	38,000	17.99	683,620
7	Mattel Masters of the Universe	126,000	4.99	628,740
8	Hasbro My Buddy	21,000	24.99	524,790
9	Hasbro Transformer Dinobot Asst	42,000	11.99	503,580
10	Select M Gabby Talking Bear	8,000	59.99	479,920
11	Hasbro Real Baby, Open Eye	16,000	29.99	479,840
12	Selchow & Righter Trivial Pursuit Genius II	24,000	19.99	479,760
13	LJN Toys Wrestling Superstar Figure	57,000	7.99	455,430
14	Mattel Masters of the Universe Evil Warrior	85,000	4.99	424,150
15	Hasbro Transformer Autobot Jumpstarter	69,000	5.99	413,310
16	Hasbro Transformer Constructicon Asst	67,000	5.99	401,330
17	Coleco 16" Cabbage Patch Twins Asst	5,000	79.99	399,950
18	Hasbro Transformer Decepticon Triple	36,000	10.99	395,640
19	Mattel Princess of Pwr Fig Asst	55,000	6.99	384,450
20	Hasbro My Little Pony Baby Asst	55,000	6.99	384,450
21	Hasbro Trnsfrmr Dcpticon Plne Asst	31,000	11.99	371,690
22	Mattel Masters of the Universe Evil Horde	57,000	5.99	341,430
23	Hasbro Transformer Autobot Car Asst 2	34,000	9.99	339,660
24	Pressman Wheel of Fortune	27,000	11.99	323,730
25	Coleco Cabbage Patch World Travelers	8,000	39.99	319,920
26	Hasbro Transformer Insecticon Asst	63,000	4.99	314,370
27	Hasbro Transformer Autobot air	10,000	29.99	299,900
28	Coleco Cabbage Patch Show Pony	10,000	29.99	299,900
29	Hasbro Transformer Omega Supreme	7,000	39.99	279,930
30	Eagle Rubber 10" Glo Playballs	275,000	0.99	272,250
31	Hasbro Transformer Construction Set	9,000	29.99	269,910
32	Coleco Cabbage Patch Koosas	12,000	21.99	263,880
33	Hasbro G.I. Joe Crimson Twins	34,000	6.99	237,660
34	Hasbro G.I. Joe Figure Asst	78,000	2.99	233,220
35	Mattel Masters of the Universe Deluxe	33,000	6.99	230,670
36	Playskool Alphie	9,000	24.99	224,910
37	Hasbro My Little Pony Rainbow Asst	45,000	4.99	224,550
38	Hasbro Glo-Friends Asst	80,000	2.79	223,200
39	LJN Toys Thundercats Good Figure Asst	37,000	5.99	221,630
40	Coleco Cabbage Patch Show Pony w/Doll	3,000	69.99	209,970
41	Fisher-Price Sing-Along Radio	7,000	29.99	209,930
42	Coleco 16" Black Cabbage Patch Kids	7,000	29.99	209,930
43	Hasbro Real Baby, Closed Eye	7,000	29.99	209,930
44	Hasbro Music Glo-Worm	14,000	14.99	209,860
45	Kenner 13" Care Bear Cousins	14,000	14.99	209,860
46	Hasbro Transformer Autobot Car Asst	21,000	9.99	209,790
47	Hasbro G.I. Joe Figure Asst	69,000	2.99	206,310
48	Select M Mini Bot Convertors	69,000	2.99	206,310
49	Panosh Voltron Lion Force	29,000	6.99	202,710
50	Selchow & Righter Baby Boomer Edition	10,000	19.99	199,900
51	Hasbro Transformer Autobot Leader	9,000	21.99	197,910
52	LJN Toys Thundercats Evil Figure	33,000	5.99	197,670
53	Hasbro Transformer Large Insecticon	16,000	11.99	191,840
54	LJN Toys Voltron Lion Power Attacker	23,000	7.99	183,770
55	Hasbro Transformer Autobot Microscope	14,000	12.99	181,860
56	Matchbox Voltron Lion	16,000	11.99	181,840
57	Matchbox Voltron Lion Set	3,000	59.99	179,970
58	Hasbro G.I. Joe Cobra Hydrofoil	9,000	19.99	179,910
59	Hasbro Little Pony Asst II	45,000	3.99	179,550
60	Chemtoy 8-oz Liquid Bubbles	590,000	0.29	171,100
61	Parker Monopoly	17,000	9.99	169,830
62	LJN Toys Voltron Assembler	34,000	4.99	169,660
63	Kenner 13" Care Bears	11,000	14.99	164,890
64	Kenner 13" Care Bears	11,000	14.99	164,890
65	Galoob Sweet Secrets Jewelry	47,000	3.49	164,030
66	Hasbro Transformer Decepticon Leader	8,000	19.99	159,920
67	Matchbox Voltron Warrior Asst	8,000	19.99	159,920
68	Matchbox Voltron Lion Asst	8,000	19.99	159,920
69	Playskool Casey	3,000	49.99	149,970
70	Hasbro Trans Decepticon Robot Gun	6,000	24.99	149,940
71	Fisher-Price Bubble Mower	10,000	14.99	149,900
72	Tonka Gobot Asst 1 and 2	50,000	2.99	149,500
73	Panosh Voltron Action Figure	49,000	2.99	146,510
74	Aviva Large Wuzzles w/Book Asst	8,000	17.99	143,920
75	Hasbro G.I. Joe Battle Platform	9,000	15.99	143,910
76	Hasbro Transformer Decepticon 2-pk	24,000	5.99	143,760
77	Mattel Masters of Universe Shark	13,000	10.99	142,870
78	Galoob The Animal Firebird	7,000	19.99	139,930
79	Hasbro Transformer Decepticon Commun	8,000	16.99	135,920
80	Hasbro Transformer Autobot Radio	8,000	16.99	135,920
81	Mattel Peaches 'N Cream Barbie	13,000	9.99	129,870
82	Kenner Super Powers Figure Asst 1	32,000	3.99	127,680
83	Kenner Super Powers Figure Asst 2	32,000	3.99	127,680
84	Kenner Play-Doh 4-pack	51,000	2.49	126,990
85	Hasbro Transformer Autobot Mini-Vehicle	44,000	2.79	122,760

Source: M. W. Kasch Company, Mequon, Wis., for calendar 1985, covering 1,700 stores in 12 midwestern states. Average retail prices reflect typical price points for discount chains.

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 25, NO. 10

Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc.

$2 per copy

May 12, 1986

Top Management, Investors Offer To Purchase Pamida from ESOP

By STEVE MALANGA

OMAHA — An investment group led by top management and Citicorp Capital Investors has agreed to purchase Pamida from the Employee Stock Ownership Plan (ESOP) which presently controls the company.

The investor group, which includes chairman and chief executive office C. Clayton Burkstrand, vice chairman John Wiesner, and president and chief operating officer Frank Schlosser, is paying $70.63 a share, or nearly $170 million, for PMD Investment Co., which controls Pamida.

Pamida has been 100% employee owned since 1981, when then-chairman D. J. Witherspoon sold his controlling interest to Pamida's ESOP. At the time of the deal Pamida ranked as the largest company on the New York Stock Exchange ever to be purchased by its employees.

The new deal will hinge upon the approval of Pamida employees who participate in the ESOP.

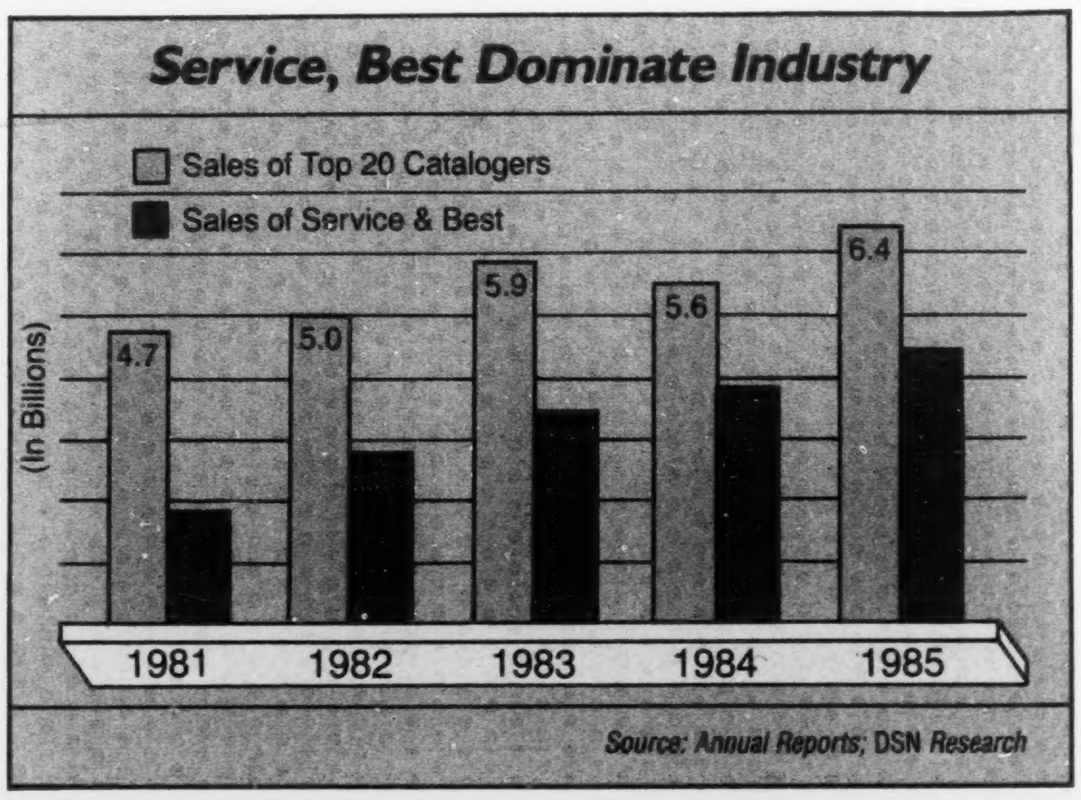
"The employees will have the chance to determine the financial advantages of this offer," Burkstrand said.

The ESOP originally purchased the company for $6.00 per share. The current offer of $70.63 per share represents an 1,100% gain in five years.

According to Corey Rosen, executive director of the National Center for Employee Ownership, if 5,000 of Pamida's 5,700 employees are part of the ESOP, the average sum each employee could take home from the deal is $30,000. Since part-time employees and those working for less than a year do not participate

(Continued on page 4)

Service, Best Dominate Industry



Source: Annual Reports; DSN Research

Regionals Will Fuel Showroom Growth

Nationwide DSN Report

Regional chains will begin playing a more important role in the catalog showroom business as the industry continues to consolidate.

The contraction of the industry, which still hasn't run its course, has confirmed the dominant position of the two national catalogers, Service Merchandise and Best Products, which together accounted for $4.48 billion in sales last year, or about 64% of the industry's total.

The large volume staked out by Service and Best, however, masks each chain's true sales picture. Service's same store sales were up just 1.4%, with the chain's overall growth mainly due to acquisitions. But this move has markedly hurt the chain's bottom line, once one of the industry's most profitable operations.

Best's overall sales were down 0.8%, and its earnings plunged to the lowest level in the past decade.

However, the shakeout in the number of chains has propelled about three dozen surviving regional operators—mainly independents like L. Luria & Son, W. Bell and some members of the MAI and Paul Schultz Catalogs group—into a new position. They are seen as the companies that will power the industry's growth.

In their attempt to carve out new directions for the catalog showroom industry, these regionals have tailored marketing programs to focus less on broad general merchandise assortments and more on categories of traditional strength.

The Present Co.'s president James R. Present described the direction these regional chains are taking as an instance of "each operator finding and intensifying its own merchandising and market niche. In our case [and that of most other regionals] it means a strong emphasis on higher

(Continued on page 4)

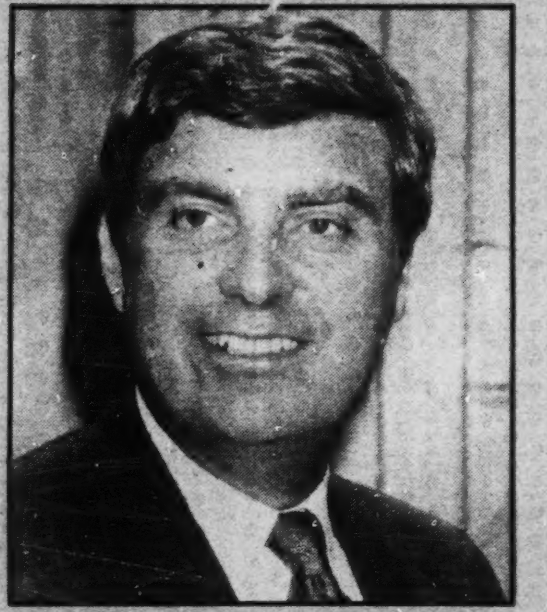
Gold Circle starts at 'Ground Zero'

By KAREN PAXTON

WORTHINGTON, Ohio — Peter Hayes' broad confident smile keeps reappearing as he talks about Gold Circle's new life as the single revitalized discount division of Federated Department stores.

For Hayes, who left Hills to chair Gold Circle early last year, it's a chance to play a role in building a new chain. "We've started again from ground zero," he said in an interview at the chain's headquarters.

The chairman and chief executive officer interprets the recent consolidation of the 31-unit Richway and the 45-unit Gold Circle as a vote of confidence from the parent company to position Gold Circle in the 1990's as an indisputedly dominant player in the competitive discount arena.



Peter J. Hayes, chairman and ceo of Gold Circle, sees a new chain taking shape. Coming in September, Gold Circle will introduce a layout with a new home world.

"It's like being born wealthy," he said of the commitment Federated has made to the new Gold Circle. Although Hayes wouldn't say how much money Federated has earmarked for revamping its consolidated discount division, he did say the costly project of adding front end scanning equipment to the former Richway stores (Gold Circle was already equipped) will be completed within three years.

The closing of Richway offices in Atlanta resulted in savings which will immediately drop to the chain's bottom line. However, as Hayes is well aware, Gold Circle will have to continue to meet its parent company's standards in return on investment.

To that end the groundwork for an updated, consistent and centrally run operation is well under construction.

■ August 1 is the target date for the completion of the merged system of financial and merchandising reporting for all 76 stores.

■ At presstime, the headquarters staff was in the

(Continued on page 38)

Overseas Terrorism Prods Chains to Defer Travel

By BETH A. SEXER

Nationwide DSN Report

The recent spate of international terrorism has caused discounters to rethink their overseas travel plans. Some chains have simply decided to cancel trips by merchandisers until the climate cools off a bit. Others are avoiding trouble spots, asking foreign vendors to meet them in nearby, safer locales and issuing safey tips to their people traveling overseas.

But most chains also said it was too soon to begin making any long-term, permanent changes in their buying and sourcing patterns as a result of international tensions.

Rose's has already canceled several European buying trips it had planned over the next few weeks, said John Little, senior vice president, merchandising. But the chain is still sending buyers to other areas of the world it believes are not as affected by the current international tensions.

"We haven't canceled any trips to the Orient because of concern about terrorists," said Little.

T. J. Maxx, the off-price apparel and domestics chain, cancelled trips to Europe and Israel until the intensified tensions cool off.

"The European trip is not a problem. We've been into that market for years, and we have relationships there, so we can conduct business regularly via phone or the mail," said Bernard Cammarata, president.

He added: "The trip to Israel was set up strictly as an exploratory thing. We'll have to hold off on that a bit."

Some chains are avoiding trouble spots by asking sources to meet them in nearby markets. During a recent trip to the Orient, Hills' merchandisers asked manufacturers from the Phillipines to meet them in Hong Kong to avoid making a trip to that country, said Eugene O'Donnell, vice president, general merchandise manager.

Those who continue making buying trips to some of the more troubled spots are taking more precautions.

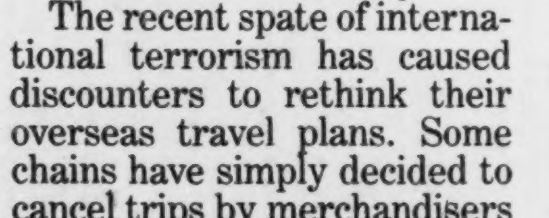
(Continued on page 38)

Investor Eyes Clover Parent Co.

NEW YORK — Financier Ronald Baron's second attempt to gain a voice in the future of Strawbridge & Clothier appears likely to be rebuffed by the company.

At presstime the Philadelphia-based retailer, parent company of Clover, had not officially responded to an SEC filing by a company controlled by Baron, according to Linda [illegible], a spokes-

(Continued on page 38)



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Profit Outlook Boosts Rose's Stock by 38%

NEW YORK — Wall Street's confidence that Rose's Stores is positioned for an earnings surge has generated a flurry of activity in the company's stock, which has risen dramatically in the face of several large institutional buys.

Financial analysts discounted reports that the surge indicated that Rose's is a takeover target.

Over a two-week period in mid-April the price of Rose's class A stock jumped $8.50 to $31.00, a gain of nearly 38%, while the company's class B stock, which is nonvoting, rose almost 29%. Both represented 12-month highs.

The market may not be done with Rose's, some analysts believe. Michael Via of Anderson & Strudwick of Richmond, Va., predicted that that company's class A stock could go as high as $40.00 a share.

Via attributes the recent gains in Rose's stock to the interest of institutional investors in Boston and New York who were looking for stocks that had lagged behind the rest of the market recently and might be favorably priced.

Before its surge began Rose's stock was priced at $22.50 against a 52-week low of $17.00, a difference of only $5.50. The stock price of other discounters has grown much more rapidly over the last year.

Zayre's stock, for instance, is now priced more than $35.00 above its 52-week low; Wal-Mart's is $20.00 ahead of its 12-month low; K mart's stock has hovered about $18.00 above its 52-week low; and Ames stock is priced about $17 above its 52-week low.

But Rose's shares are clearly playing catch-up now as the market turns its attention to the Henderson, N.C.-based company. Rose's big gains came in the face of Wall Street projections that the company will earn between $2.40 and $2.50 a share this year. That translates into net earnings of between $24.6 million and $25.6 million. In the recently ended fiscal year the company earned $20.3 million, down from $23.9 million the year before.

(Continued on page 38)

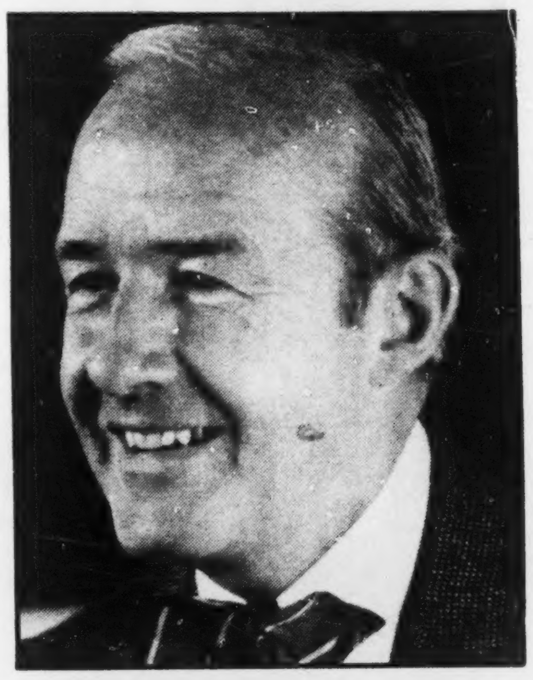
K mart's Dewar Blasts New Tariff Proposals as Burden to Retailers

WASHINGTON — Senate proposals to deny corporate tax deductions for all import tariffs and excise taxes would impose a "substantial" tax increase on retailers, Robert E. Dewar, chairman of K mart's executive committee told senate lawmakers.

In noting that K mart imports approximately 15% of store product, Dewar warned the "tax burden" resulting from this proposal's passage would have to be "partially or totally" passed to consumers.

Speaking on behalf of the National Retail Merchants Association in testimony before the Senate Finance Committee late last month, Dewar told committee chairman and tax plan author Bob Packwood (R-Ore.) that the retailing industry—although strong proponents of tax reform efforts—is extremely "disappointed" in the provision that would deny tariff and excise tax deductions.

Retailers are not the only advocates of tax reform legislation who are backing off from support of tariff and excise tax measures.



Robert E. Dewar, K mart's executive committee chairman spoke before the Senate objecting to proposals to deny corporate tax deductions on import tariffs and excise taxes.

American Trucking Association president Thomas J. Donohue told the Senate that proposals to end deductions for motor fuel excise taxes would boost transportation costs for shippers.

Another opponent of Packwood's tax plan, American Association of Exporters and Importers chairman Peter V. Handal, told tax reform legislators that any general rise in the costs for duty-eligible imports will "plainly" be accompanied by a hike in retail prices for these products, as well as for U.S.-made items.

K mart's Dewar, in testimony endorsed by the Association of General Merchandise Chains, the American Retail Federation and the Retail Industry Trade Action Coalition, focused the committee's attention on a different aspect of the proposal's impact.

"While the nondeductibility of tariffs and excise taxes is being touted as a major revenue raising provision," Dewar said, "enactment of this proposal could reduce corporate income tax revenues."

To the extent that the increased costs from products subject to tariff and excise taxes could not be absorbed by retailers; they would increase the costs of goods sold by business, Dewar said.

"Increasing this cost reduces the net income of business that is subject to the corporate income tax. Therefore, the projected revenues to be raised from this proposal may be substantially less than projected," Dewar cautioned.

The K mart executive also warned lawmakers that retailers who sell a large number of textile and apparel items would be "severely" impacted by passage of this proposal because the tariffs on these types of goods "average 22%," which is "over four times the average" of all other tariffs.

Dewar also argued that the denial of tariff and excise tax deductibility would "widen" the disparity among capital-intensive industries—which are "able to take advantage of certain tax deductions"—and labor-intensive industries—such as retailing—which have "few deductions" available.

T.H. Mandy Names New President

MERRIEFIELD, Va — Thomas M. Unrine has been appointed president and chief executive officer of T. H. Mandy. He reports to James Vadis, senior vice president of the parent company, U.S. Shoe, and president of the retail division.

Before joining T. H. Mandy, Unrine was senior vp and general merchandise manager for women's apparel, intimate apparel and accessories at Gimbels-Midwest in Milwaukee since 1983.

Prior to his association with Gimbels, he was senior vp/gmm at Miami-based Jordan Marsh Company.

Unrine said the transition from Gimbels to T. H. Mandy should be smooth since both companies are fashion and trend oriented. The fundamental difference between the two operations is structural.

At T. H. Mandy planners, buyers and distributors are responsible for outlining, purchasing and replenishing the fashion lines. At Gimbels, the buyer is solely responsible.

Former T. H. Mandy president and ceo Joel Orenstein resigned in October 1985. He is now senior vp, marketing services at Carter, Harley and Hale.

T. H. Mandy currently operates 16 off-price stores. The chain has recently opened two new markets, Potomac Mills, Va., and Algonquin, Ill.

The company also recently closed one of its four Washington stores and all three of its stores in Houston.

QUIZ

The DSN *Quiz, testing your knowledge of news and trends in discount retailing covered in the last two issues, will appear on this page monthly. Check your answers with the key on page 38.*

1. The latest videotex service to withdraw from home computer shopping is:
a) The Electronic Mall;
b) Trintex;
c) Viewtron.

2. Sam Walton was chosen for Financial World *magazine's 1985 Gold Award for:*
a) his leadership in promoting the Buy America program;
b) Wal-Mart's financial performance;
c) best supporting role in a musical.

3. What can't shoppers buy at Virginia-based Dominion Pottery?
a) dinnerware;
b) pickles;
c) blue jeans.

4. K mart's latest effort to build its apparel position doesn't include:
a) a Jaclyn Smith line of dancewear;
b) a test of half sizes for older girls;
c) a membership club for preschool girls.

5. Which is the latest discount store chain to launch a private label credit card?
a) K mart;
b) Target;
c) Bradlees.

6. The Price Club recently purchased a large piece of property and a warehouse in:
a) Secaucus, N.J.;
b) Edison, N.J.;
c) Paramus, N.J.

7. Discounters who attended the housewares show were most interested in:
a) microwave cookware and small electrics;
b) wall clocks and crock pots;
c) tea kettles and wicker.

8. A recent DSN *consumer poll on men's active wear showed:*
a) most of the planned purchases of men's active wear are made by men;
b) white is the preferred color in tennis shirts, shorts and warm-ups;
c) 84% of those polled who don't own athletic shoes were planning to purchase them in the next year.

9. In his column, Jack Hayes said retailers can reduce vendor theft by:
a) hiring former thieves as security guards because they know what to look for;
b) checking each vendor's goods as they are received on the dock;
c) making thorough checks of every vendor and delivery man they deal with.

10. The top-ranked toothpaste in this year's Product Movement Audit was:
a) Crest gel, 6.4 oz.;
b) Aqua Fresh, 6.4 oz.;
c) Colgate pump regular, 4.5 oz.

SOFT LINES
DINAH'S PLACE

Trends Set Soft Home Scene

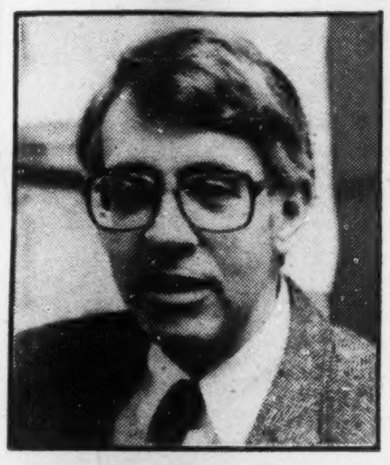
Today's soft home scene is driven by changing fashion trends, a host of new multi-item ensembles like the Dinah Shore kitchen collection (seen above at K mart) and life-style influences such as the water bedding boom. For an in-depth look at how the fashion/price equation is being defined at K mart, plus a gauge of shoppers' attitudes gathered in an exclusive consumer poll, see DSN*'s annual domestics/home fashion supplement on page 15.*

INDEX

At the Source	37
Classified	39
Domestics Supplement	15
Editorial Page	6
Prevention Pays	31
Softlines	11

MEMBERSHIP WAREHOUSES

Clubs, Chains Battle Over Key Categories



ARTHUR MARKOWITZ

While membership warehouses position themselves as wholesalers to small businesses, they are also retailers selling goods to customers for their own use. This is especially true in three major categories: housewares and small appliances, consumer electronics and apparel.

In fact, the volume that they generate has made them powerhouse merchants in these three retail categories. However, manufacturers don't see membership warehouses expanding the market for this merchandise. Rather, manufacturers believe they're taking sales from traditional retailers like discounters and catalogers.

Membership warehouse executives acknowledged that in the three categories most of the merchandise wasn't being sold to businesses for resale for two basic reasons.

A major share of the goods in the three categories are sold by chains. These companies are able to purchase tonnage quantities direct and wouldn't gain any from two-step buying from a membership warehouse.

In addition, a chain, or even a mom-and-pop retailer, couldn't obtain the desired broad assortment of goods from a membership warehouse as these stores usually offer a narrow mix in each area, generally a few basic items.

Why, then, do membership warehouses handle these categories? Simply because its good business.

The low price for a VCR, for example, helps to reinforce a warehouse's image of offering members the lowest cost for merchandise in the marketplace.

The availability of goods like jeans, TVs, irons and even major appliances gives business members a personal reason to join a membership warehouse: They can save on goods they need for themselves, not just for their business.

One membership warehouse studied members' purchases and found that less than half of the sales to business members were for business use. An executive listed food, stationery and office supplies, automotive and hardware as true wholesale or business categories.

Pamida ESOP Purchase

(Continued from page 1)

in ESOPs, the actual take home per employee voting on the deal could be much higher.

"It's difficult for employees to turn down money like that," said Rosen, although he added that some companies which have been employee-owned for years routinely refuse offers well above the market price of their company.

"It depends on whether there is a real culture of ownership among employees in the company, or if the employee buyout was just a financial deal," said Rosen.

The buyout will not materially affect operations at the 164-store chain, according to Burkstrand, who said that the privately-held company had sales of about $500 million last year. Part of the agreement of the deal is that present management stay on and Pamida continue operating out of its headquarters in Omaha.

Employee ownership has been widely credited with helping to turn Pamida around. Just two years after the 1981 employee buyout, Pamida had already paid off 40% of debt accrued from the purchase. Sales per square foot and other key measures improved significantly as employees participated in company profits. Shrinkage decreased from 2% of sales before the buyout to about 1% within two years of the deal.

Facts and Figures on 25 Leading Catalogers

Chain (Hq. State)	Coordinator	Annual Sales (millions)		No. of Showrooms		Projected Openings 1987
		Last Completed Fiscal Year	Previous Completed Fiscal Year	As of January 1986	As of December 1986	
Service Merchandise (Tenn.)	Independent	$2,246.5[A]	$1,607.0[A]	287	300	NA
Best Products (Va.)	Independent	2,234.8	2,252.7	213	212	NA
Consumers Distributing (U.S.) (N.J.)	Independent	311.6[B]	261.0[B]	89	90	0
Brendle's (N.C.)	MAI	183.6	146.2	31	35	3
W. Bell (Md.)	Independent	148.2	130.1	21	23	2
Gordon Jewelry (Tex.)	Independent	134.9	138.9	58	61	3
Jewelcor (Pa.)	Jewelcor	131.0	128.3	22	22	0
K's Merchandise (Ill.)	Paul Schultz	115.0	100.0	9	10	1
McDade (Ill.)	MAI	110.0	105.0	7	8	0
L. Luria & Son (Fla.)	Independent	108.6[C]	101.1[C]	37	40	3
David Weis (Pa.)	MAI	85.0	83.0	11	12	0
Sterling Jewelry (Tex.)	Paul Schultz	77.0	75.0	5	4	1
E. H. Tepe (Ind.)	Paul Schultz	52.0	49.0	9	12	1
Dahlkemper's (Pa.)	Paul Schultz	52.0	50.0	7	9	0
Fred Gattas (Tenn.)	MAI	50.0	36.0	8	9	0
Evans (Md.)	MAI	49.0	42.0	6	6	1
O. G. Wilson (Tex.)	Independent	47.0	47.3	14	—[D]	—[D]
Present (N.Y.)	MAI	44.7	35.9	14	17	3
Arthur's (N.J.)	MAI	40.0	38.0	7	8	0
Goldbro (Ala.)	Associated	40.0	39.0	6	7	1
Witmark (Mich.)	MAI	34.0	31.0	7	7	2
Brand Name (N.Y.)	Independent	30.0	30.0	14	14	0
Wilkor (Fla.)	MAI	30.0	27.0	5	5	1
Wilbro (Ala.)	Associated	28.0	28.0	6	6	1
A. J. Foland (Mich.)	American	28.0	25.0	6	7	0

[A] *Catalog showroom sales only*
[B] *Continuing East Coast operations*
[C] *Seven month fiscal year*
[D] *Parent Zale has put company up for sale*

Source: Annual reports; DSN estimates

Regionals to Fuel Showroom Growth As Industry Seeks Profit Gains

(Continued from page 1)

margin categories like jewelry and less on [mass market categories like] electronics."

W. Bell's senior vice president Frederic Bell added: "Paying attention to your own business is the key. It's a mistake to pattern your chain on another company. What works for others may not work for you."

Bell eschews toys, sporting goods and lawn furniture, for example, because "these categories are incompatible with the fine jewelry we sell," he said.

The growth-oriented regionals range from the $184 million Brendle's, which has 31 stores in North Carolina, South Carolina, Tennessee and Virginia to such $20 million chains as Value House, with six units in New Mexico and Save Rite, with four units in Rhode Island.

The strength of many of these regionals, most of which are privately held, comes despite the industry's consolidation that last year saw Service acquire H. J. Wilson, Ellman and Imperial House while Brendle's purchased Alexander's.

This year, Ardan has left the business and Boardman's has filed Chapter 11 and closed several showrooms. Meanwhile Consumers Distributing (U.S.) plans to sharply cut back its two-coast operation by closing its red ink-plagued, 80-odd California stores to become just a northeast chain.

The shakeout during the past year has had its greatest impact among small, mainly one- and two-showroom operators. About 75 such companies shut down last year.

The end result: The industry consisted of 175 catalogers last year operating approximately 1,300 showrooms that produced $7.4 billion in sales, the same as in the previous year.

The more competitive retail environment that sparked the shakeout also intensified catalogers' interest in strengthening marketing efforts to draw shoppers. This effort has seen many chains ignore the use of the term "catalog showroom" to boost their image as jewelry stores, while increasing the use of flyers, radio, TV and even cable in selective markets.

Raymond Zimmerman, president of Service, which describes itself as "Your Store for . . .," said "I'm not sure 'catalog showroom' is indicative of anything to consumers; it means more to us [manufacturers and retailers] than to shoppers."

Dahlkemper's executive vice president Edward H. Dahlkemper added: "Consumers view catalogers as discounters with name brands. It's not all that different from how they viewed us 10 years ago, except that we're seen as more upscale today."

The new status of the regional chains is evident from the expansion projected for the industry this year; the 36 leading regionals will add about 40 showrooms to the approximately 400 they currently operate.

Service, meanwhile, has cut back its "normal growth of 20 to 25 showrooms," Zimmerman said, "to an undetermined number while we complete absorbing our acquisitions." Best won't open any new showrooms as it concentrates on refurbishing older stores that were part of the acquired Modern Merchandising operation. Executives said these units were in danger of losing their market share.

The regionals' impact on the showroom industry shows up in other ways. Wall Street analysts indicate a number are considering going public.

Brendle's just issued a preliminary prospectus for its first stock offering that could raise between $15,750,000 and $17,850,000 for the company from the sale of just over one million shares. Last year, Present, which was a closely-held public firm, raised $5 million from the sale of 600,000 shares.

Goldbro president Julius Goldstein said a stock offering isn't the route for all regionals. "The only reason to go public would be a big expansion program that we can't fund from our own resources. We control our growth within our market, so we don't need outside financing."

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Shower Curtains, Pot Holders Top Dept. Sellers

NEW YORK — Shower curtains, pot holders and bedspreads were the domestics items consumers most often buy at discount stores according to a recent consumer poll.

Those three items were also typically bought at full price by over half the shoppers who had purchased them in the past year.

Last month close to 500 consumers were surveyed for a special *DSN*/Leo J. Shapiro Associates survey to find out where and how consumers shop for soft home fashions.

Discount stores were named most often by domestics consumers as a source for shower curtains (by 39%) and pot holders (33%).

Consumer responses further indicated a three-way tie for the bedspread business between mass merchandisers Sears, Ward and Penney (28%), discounters (26%) and department stores (26%).

At the same time it is important to note that shoppers tend to buy domestics at several stores. In each of seven domestics categories, at least 48% of past-year shoppers said they typically buy those items at more than one store.

About half of those who had purchased bath towels, sheets, placemats and shower curtains in the past year said that they usually shop at more than one store for those goods. Some 60% or more of those who had purchased bedspreads, comforters and pot holders said that they buy at more than one store.

The statistics on where people shop are most illuminating in relation to how they shop for specific items. Among other things, shoppers polled were asked if they had purchsed each of seven home textile items in the past 12 months. They were asked if they usually buy that item on sale or at full price. They were also questioned on whether or not they usually make a separate trip to buy the item.

As expected, sheets were the most often purchased items, followed closely by bath towels and shower curtains. Some 24% of those polled had purchased sheets; 22% had bought bath towels, and 21% had purchased shower curtains in the past year.

Pot holders were bought by 11% of those surveyed; bedspreads by 10%; comforters by 9%, and placemats by 8%.

For sheets, department stores were the most popular source with 31% of the past-year consumers naming that type of store. Discount stores were named by 21% and mass merchandisers by 20%.

In bath towels, the three mass chains Sears, Ward and Penney together won the most citations (by 39%) as the place to buy. In a chain breakout, Penney was named by 17% of those who bought a bath towel in the past year. Sears was named by 15% and Ward by 2%.

Department stores were named for towels by 23% and discounters by 17%.

For comforters, which were overwhelmingly bought on a special trip at full price, department stores were again the most popular type of outlet. Discounters were second and mass merchandisers third.

Placemats were likewise bought at full price in most cases. However, that item is seen as more of a pick-up, with almost 60% of the purchasers buying on a general shopping trip instead of making a special trip.

A breakout of national chains K mart and Sears revealed differences in how consumers viewed the two outlets.

K mart's strongest showing was for pot holders where 16% named the discounter. That was also the item for which Sears got its fewest mentions (4%).

In shower curtains, the two chains were tied with both named by 11% of the past-year purchasers.

K mart's popularity in sheets and bath towels with 7% of the consumers of each item was half that of Sears. In sheets 14% named Sears and in towels 15% named Sears.

In bedspreads and comforters K mart's position as a source was lowest. None of the past year shoppers mentioned the national discounter as a place to buy comforters and only 2% cited it as a source for bedspreads.

Sears, on the other hand, received its strongest mentions for bedspreads (19%). For comforters 8% of the consumers of the item listed Sears.

For placemats, K mart was named by 4% of the past-year purchasers and Sears by 6%.

Shopping Patterns of Domestics Customers

Pattern	Sheet	Bath Towel	Shower Curtain	Pot Holder	Bedspread	Comforter	Placemat
Usually buy . . .							
During trip out	39%	50%	35%	83%	31%	32%	57%
Make a special trip	57	42	61	12	67	67	40
Not answering	4	8	4	5	2	1	3
Usually pay . . .							
Sale price	50	54	44	45	42	37	39
Full price	44	41	55	52	58	60	61
Not answering	6	5	1	3	—	3	—
Mainly buy at:							
One store	36	38	38	23	26	34	34
Number of stores	48	48	53	64	60	61	50
Not answering	16	14	9	13	14	5	16

Source: DSN/*Leo J. Shapiro & Associates survey*

Where Shoppers Are Most Likely to Purchase Domestics Items

Type of Store	Sheets	Bath Towel	Shower Curtain	Pot Holder	Bed-spread	Comforter	Placemat
Discounters	21%	17%	39%	33%	26%	17%	14%
Department Store	31	23	24	11	26	39	25
Sears/ Penney/Ward	20	39	14	18	28	10	18
Specialty Store	7	6	5	2	12	8	7
Other	17	13	10	34	12	23	28
Not Answering	13	14	13	24	6	16	20

Percentages are based on the total number of shoppers who purchased each item in the past year. Figures don't equal 100% because most people shop at more than one store.

Source: DSN/*Leo J. Shapiro & Associates survey*

Domestics Poll Reveals Consumers Look for Price, Quality

NEW YORK — Shoppers polled about domestics by *Discount Store News* were asked to list the features, besides price, they look for in domestics items.

As expected, quality was generally the most important feature after price in the minds of consumers; color was the second most often mentioned.

Consumers' answers to this question also revealed how shoppers define quality for specific items. For example, thickness was the most frequently mentioned feature for pot holders. Obviously, that is how consumers define the quality of that item. Furthermore, brand name was low in the top eight features in the sheet category with only 7% of the past-year purchasers mentioning that attribute.

Although fabric was mentioned in general terms for most items, cotton specifically only showed up in regard to towels as one of the top eight features. In towels, thickness aand absorbancy were typically how shoppers interpret quality. Correct size showed up as a feature in bath towels, sheets and even pot holders.

In shopping for shower curtains, consumers polled ranked quality and color equally. That is underscored by the equal number of mentions for durability and style/design. Notably, price seems to be very important in this category. Even though shoppers were specifically asked to name features besides price; a few named price anyway as something they look for when making a purchase.

The importance of fashion to consumers is indicated by their choosing to cite style/design and matching sets as well as color.

Fashion seems to rule the placemat business, not included in the accompanying chart. For that item a third of the consumers named color and about 29% said quality. Style/design was listed by 20% of those who had bought a placemat in the past year. In that category matching sets were a feature that 16% of the consumers reported looking for. Fabric was listed by 7%. Durability was also cited by 7% as a feature.

What Shoppers Look for . . . Besides Price

Sheets	
1. Quality	42%
2. Color	14
3. Style/Design	10
4. Brand Name	7
5. Material	7
6. Durability	5
7. Matching sets	5
8. Correct size	4

Bath Towels	
1. Quality	42%
2. Color	22
3. Thickness	20
4. Correct size	11
5. Absorbancy	6
6. Cotton	5
7. Durability	5
8. Material	5

Shower Curtains	
1. Color	36%
2. Quality	36
3. Durability	10
4. Style/Design	10
5. Matching sets	5
6. Price	4
7. Material	3
8. Thickness	3

Pot Holders	
1. Thickness	27%
2. Color	19
3. Quality	19
4. Good protection	7
5. Material	7
6. Matching sets	6
7. Style/Design	5
8. Correct size	4

Bedspreads	
1. Quality	51%
2. Color	20
3. Price	9
4. Style/Design	8
5. Matching sets	8
6. Material	6
7. Thickness	4
8. Durability	2

Comforters	
1. Quality	57%
2. Color	23
3. Durability	11
4. Warmth	11
5. Material	9
6. Style/Design	6
7. Price	2
8. Other	11

Source: DSN/*Leo J. Shapiro & Associates survey*